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OCTOBER 1972

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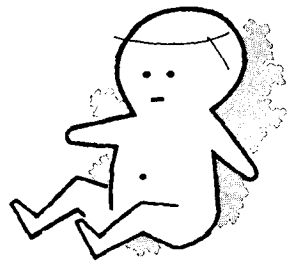
JAMES A. WEBER

THE POPULATION QUESTION



Limited government or limited people?

WE, the people, founded the United States of America on the principle of limited government.

Now, the government is proposing to operate on the basis of a new principle: limited people.

The need for this complete inversion in the relationship between the American people and their government has been heralded by a seemingly endless outpouring of population-control propaganda and other "popullution" pap. Yet, the case for population control remains unmade. Consider these facts:

1) *Population growth in the United States is not a problem.* The more hysterical proponents of population control like to draw "runaway" population growth curves that go practically straight up. However, in the real world, population growth follows an "S" rather than a "/" curve.

We are nearing the end of this "S" curve which represents the demographic transition. Consequently, our population growth is now slowing down and in the future will begin to level out, causing a number of noted demographers to bail out of their exponentially rising projections.

The most prominent example to date is Donald J. Bogue, director of the Community and Family Study Center at the University of Chicago. In 1963, Dr. Bogue was among those shouting from the rooftops about the perils of overpopulation. At the time, estimates of U.S. population at the end of the century varied from 300 to 400 million.

Today, Dr. Bogue is predicting

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a U.S. population in 2001 of about 250 million people – only 42 million or 20 per cent more than in 1970. Bogue further predicts that there will be no more babies born annually in 2001 than there are today.

The President's National Goals Research Staff recognized the lack of any population "explosion" in the U.S. when it stated in July, 1971, in a report entitled "Toward Balanced Growth: Quantity with Quality": "One decision which appears not to be urgent is that of over-all size of the population – even after the effects of a considerable immigration are taken into account."

2) *Population growth in the United States is not a major cause of problems.* Population growth has proved to be a boon to those in search of simple solutions to complex problems.

Pollution, crime, overcrowding, resource depletion, lower living standards, reduced governmental services, you name it, population growth causes it, according to these simplistic souls. But the accusations are not supported by the facts.

Technological Impact

Take, for example, pollution. According to Barry Commoner, the increase in population since 1946 accounts for only about 12 to 20 per cent of the various increases in total U.S. pollutant output. From 40 to 95 per cent of these increases were caused by new production technologies which resulted in increased output of pollutants per unit of production.

Commoner points out that it would have been necessary to reduce 1946 population by 86 per cent in order to prevent the rise in pollution which has occurred during the past 25 years. In other words, we would have to have a current U.S. population of 20 to 25 million people to maintain 1946 pollution levels at today's level of technology. By contrast, a 30-per cent reduction in the environmental impact of technology would have accomplished the same result. The conclusion is that U.S. population growth has only a minor effect on the intensification of pollution. Conversely, immense reductions in population size would be required to materially affect pollution levels.

There is at the same time another side to the pollution coin, namely, that although people account for only 12 to 20 per cent of pollution, they form 100 per cent of the productive source of funds which must be used in the future to reduce many types of pollution. Lake Erie, for instance, will continue to be a problem regardless of future population

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trends. But it will be a problem that can be more easily resolved from a financial point of view by a growing population.

Crowding and Crime

Another favorite "problem" of populationists is crime. A classic example of this was a full-page advertisement in the *New York Times* sponsored by a group called the Campaign to Check the Population Explosion. Under the headline "Have you ever been mugged? Well, you may be" was a picture of a man grappling with a mugger. "Is there an answer [to crime in the cities]?" the ad copy asked. "Yes," it responded, "birth control is one."

Major central cities such as New York do, in fact, have the highest crime rates. But these cities are losing, not gaining, population. Shall we therefore conclude that crime increases as population decreases?

Of course, juvenile delinquency goes up disproportionately during a period of population growth because there are more young people around in relation to the rest of the population. The ad also calls attention to this fact with the statement: "City slums – jam-packed with juveniles, thousands of them idle – breed discontent, drug addiction and chaos."

Tongue-in-cheekwise, population control is sort of, yes, an "answer" to the so-called "youth problem." But an answer which involves solving problems simply by eliminating people who have or cause the problems hardly merits serious consideration as a legitimate solution.

Population Density

What about overcrowding? At 55 persons per square mile, the United States is one of the least densely populated countries in the world. Holland, for example, has 975 persons per square mile; England, 588; Switzerland, 382.

Overcrowding in the U.S. is a function of population distribution, not population size. And people congregate, i.e., overcrowd, in metropolitan areas for their mutual advantage. This is what metropolitan areas are all about.

But even in these areas population density is decreasing with the continuing exodus of people from central cities to suburbs. This decentralization was initially made possible by improvements in transportation. It is now being further hastened by revolutionary improvements in electronic communications which are rapidly minimizing the need for centralized paper-shuffling and face-to-face contacts.

Nobody anticipates that the United States will run out of re-

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sources in the next 50 years due to population growth. Beyond that, it is difficult to speculate or, to put it another way, it is only possible to speculate because we are not sure of the full extent of existing resources or what new resources may be developed. Furthermore, many resources now being consumed and discarded will increasingly be reused in the future should prices rise due to growing scarcities and the addition of pollution charges to processing costs.

Meanwhile, those who weep because Americans constitute only 6 per cent of the world's population but consume 40 per cent of the world's annual resource output should dry their eyes. Economies of underdeveloped countries around the world are dependent for their survival on the income derived from this consumption. Reduce or eliminate it and we will really find out what problems are like.

It is a rote assertion of populationists that per capita income will not keep pace, i.e., we will be forced to accept lower living standards, as population increases. There is, of course, nothing in our previous economic history to indicate that increases in per capita income cannot proceed side-by-side with population growth; the exact opposite is the case. Nor is there anything in our present circumstances to support this supposition or its converse that per capita income will increase as population growth decreases, e.g., West Virginia whose population is declining is not noted for booming per capita income.

Per capita income is a function of productivity as well as population. A growing population makes possible improvements in productivity which are more than a match for population growth, thus resulting in increasing per capita income.

"Public Sector" Problems

It is also said by population control promoters that growing population will outstrip the capabilities of Federal, state and local governments to provide services to the people. But, if this is really the case, it can be more readily taken as a mandate for more efficient governmental operation and greater concentration on the provision of essential governmental services rather than a rationale for population reduction. The idea of eliminating people to make things easier for government is a rather grotesque perversion of the American political promise.

The lack of any major cause-and-effect relationship between population growth and the problems it supposedly causes prompt-

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ed Conrad Taeuber, associate director of the U.S. Census Bureau and director of the 1970 census, to observe: "Our population problem is one of tackling the agenda for improvement of our total environment. A lowered rate of population growth may facilitate the tackling of those tasks – but it would be only one small element in the programs which need to be developed."

3) Population control in the United States will not solve any problems. The purpose of population control is to reduce population growth. But population growth is not a major cause of any problems. Therefore, reducing population growth through population control will not solve any problems.

This is another way of saying that it is simplistic nonsense to suggest, as the report of The Commission on Population Growth and the American Future does, that increases in the "quality of life" –the Commission's favorite "buzz" phrase – can be achieved through decreases in the quantity of people. There is no automatic, inverse relationship between people quality and people quantity.

It is true, of course, that wherever there are people there are problems. But this is a description of the human condition, not a prescription for population control.

In a creative, free and rightly ordered society, people solve more problems than they make. This is the source of increasing life quality.

It is unlimited government of the type required to achieve the stated goals of population control that makes more problems than it solves.

IDEAS ON LIBERTY

Socialism's Poor Record

SOCIALISM has a poor record when it comes to eliminating problems: its answer adds up to eliminating people. In fact, one of socialism's major and chronic problems is simply *people.* Socialism on the one hand destroys production, and, on the other, breeds up the least desirable elements. Its answer is to find the people at fault. Socialism always faces over-population; a free economy does not.

ROUSAS J. RUSHDOONY, *The Myth of Over-Population*

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A VOTE FOR MYSELF

EDWARD Y. BREESE

THERE'S ONLY ONE VOTE I can cast this year or any year that's of real importance to myself or to anyone else – and it won't appear on any ballot.

Contrary to what most people feel, the vote I cast in a Presidential election doesn't seem very important to me. The sheer weight of inertia inherent in a bureaucracy the size of ours makes me doubt that any Chief Executive can really make things either much better or much worse. All of the cells of the body politic tend to go on pursuing their individual aims of growth in the same old way no matter who sits back of that desk in the White House. The legislators and the courts continue to march to their old, familiar drums.

It's been some time since politics excited me.

Still, I *can* cast the vote that counts. To my mind, it's the only one that *does* count on the local, state or national basis. That's because it is an intensely personal vote – so personal and so meaningful that I can't just mark a ballot or pull a lever and then walk away from the voting booth.

This one I have to put into action. I have to live with it day by day and even hour by hour. It becomes action and thought and then action again – so it doesn't pass away after one count. It doesn't drop back into the record of events past and forgotten. This vote I must cast over and over and over; it remains a continuing force, setting up innumerable chains of action and reaction, touching the lives of more and more people besides myself.

I'm talking about my own vote for myself, of course. That's the only one I can cast, and *make it stick.*

I don't mean voting for myself for Congress or City Commission or any other public office. I mean the vote I cast for myself as a member in full standing of the human race – my vote of confidence in myself as a rational, responsible citizen – responsible among men and under God. That is the all-important vote. My happiness depends upon it – and my self-respect – and both survival and victory in the battle of life.

Mr. Breese has taught Industrial Management at Georgia Tech and headed the Department of Humanities at Embry-Riddle Aeronautical Institute in Florida. At present he is a free-lance writer.

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Actually, I have little choice. Because I am a sentient being, I have to cast that vote of confidence in myself or just cast it away. If I do the latter, I've abdicated a very large part of my membership in the human race. I've chosen to accept my status as a second class citizen — or worse. It's an unthinkable alternative. At least, it's unthinkable to me.

Of course, once I've cast that vote for myself, I'm elected. In that particular balloting it's the only vote that counts. Before I cast it I have to be willing to assume the responsibilities, the risks, and the duties that go with the election.

I have to be willing to think for myself. Rather than accepting leadership, command, or even blind guidance from Authority, I have to use my rational faculties. I have to look behind even the best intentioned propaganda, and find the meaning that may underlie the fine words. I must strive always to be *Homo sapiens*, the thinking man.

I must strive to be the moral man — that is, to exercise my faculty of telling right from wrong as these apply to me in my own life and circumstance.

Above all, I must strive for the strength to *act* upon the knowledge of these things.

Rather then yielding to the impulse to complain or resent the political and economic forces which buffet us in the nineteen seventies, I have to be willing to *do* something within the only span of control that is pragmatically open to me — that is, within my own life.

I must deal with such menaces as inflation and pollution by reliance on the market forces of supply and demand rather than regulation and control and deficit financing by government. I must combat creeping monolithic statism by learning to rely upon my own resources of brain and hands and skills and courage, rather than upon the benificent "big brotherism" of the welfare state.

Most of all, the vote I cast for myself is one I also must extend to my fellow man. I must grant to him the same right and the privilege of self-reliance that I would claim.

I am not afraid of the predicted "collapse by the year two thousand." That song was being sung to the same tune when the first millenium was ending.

I am going to cast a vote for myself this year, and each year, in the assurance that I am not alone in this, and that we who do so not only will survive but will build a world in which we all may live.

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Ageless Faith for a Vacillating America

ROBERT G. BEARCE

MAN ACTS according to his faith. Even those who ridicule faith in God, in freedom, in the individual – even tyrants – have a degree of faith in the brute force they employ. And, unfortunately, this faith in coercion is spreading its contagion of gloom and doom, causing stalwart Americans to doubt the faith of our Fathers.

Robert K. Walker, a Tennessee attorney, spelled out the problem in 1968:

> People who think well of themselves collectively exhibit enthusiasm and morale. When nations cease believing in themselves, when they regard their institutions with cynicism and their traditions with flippancy, they will not long remain great nations.

If America is the world's "last hope," contemplate the worldwide oppression and human degradation if we cannot rejuvenate our faith:

- Faith in God
- Faith in Freedom
- Faith in the Individual
- Faith in our Heritage
- Faith in Ourselves

If we can revive a profound *faith in God* we will have taken the first step toward revitalizing the moral, economic, political, and social fabric of the United States. Faith in God gives man a proper perspective of his place on earth. We are imperfect mortals, while only God is omnipotent, omnipresent, and omniscient. Belief in the Creator also demands an adherence to certain absolute, enduring values and principles. These standards and laws may be broken by man but never changed. When individuals and nations acknowledge God and His laws, they create an atmosphere where prosper-

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ity, peace, harmony, and freedom are nurtured. When man transgresses the eternal laws, he enslaves himself.

Faith in God was early reflected by our forefathers. In their rigorous way, the Puritans and other fundamentalist sects were acknowledging the supreme power of the Creator and their need for His guidance.

Thomas Jefferson expressed it thus in 1785:

> And can the liberties of a nation be thought secure when we have removed their only firm basis, a conviction in the minds of the people that these liberties are the gift of God – that they are not to be violated but with His wrath? Indeed, I tremble for my country when I reflect that God is just; that His justice cannot sleep forever.

Benjamin Franklin also echoed the early faith:

> I have lived, sir, a long time, and the longer I live, the more convincing proofs I see of this truth: that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid?

Faith in God was written into the *Declaration of Independence*. "We hold these truths to be self-evident. That all men are created equal. . . ." The signers were expressing their belief in two truths. First, they believed that certain eternal wisdom existed for all men and all posterity. These laws were "self-evident." Secondly, man's equality was the gift of a supreme Creator. Men were "created" equal in the sight of God. Government, or "society," had nothing to do with bestowing equality.

Those who said: "That they [men] are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness," were again stating their *faith in God*. They were saying that God – not government, or society, or the State – should be the ultimate object of man's allegiance. These rights were entrusted to man by God, not privileges bequeathed by any government.

Faith in Freedom

Because the Founding Fathers had a resolute faith in God, they also had a perceptive *faith in freedom*, i.e., confidence in and dependence upon individual choice. They recognized that God coerced no man to love and follow Him, so they, too, put their trust in individual freedom and accountability.

Men like Jefferson and John Adams observed that individual freedom and personal responsibility were inseparable. If man has the inherent, God-given right to

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voluntarily make choices and to order his own life as he pleases, then he also must accept the consequences of his personal conduct and choice. He must be personally accountable for his use of the freedom with which he is entrusted.

This tenacious faith in freedom was expressed in their determination to create a constitutional republic – not a democracy – which would provide a maximum of freedom for the individual and a minimum of coercion in the hands of the government, only that amount needed to prosecute the abusers of freedom. In this atmosphere of a minimum of force against men and a maximum of voluntary action, a tremendous outburst of individual creativity, ingenuity, and energy blessed America. The Founding Fathers adhered to the eternal law that the blessings derived from individual creativity and voluntary association can never be harnessed by or replaced by government intervention.

Freedom is for the individual. Freedom for government means oppressive taxation and servitude. Freedom centers upon the individual and his inherent right to pursue his own life without interference or coercion. If America is not to deteriorate, we too must place the burden for constructive change and harmony in our communities upon the freely-given and spontaneous love of the individual. Consider the following maxim: To the extent that we make the State the mechanism for social and economic stability, we will see a proportionate erosion of the political, economic, moral, and spiritual foundations of the United States.

Coercive Reform Measures Rather than Voluntary Action

Regrettably, the notion is spreading that government can alleviate social ills more effectively than can individuals working spontaneously and voluntarily. Imagine the consternation at the following proposition:

> Resolved: That the care of all America's needy will be placed in the hands of private charity groups, the church, and the family – terminating the present governmental responsibility and thus freeing the American citizen of a portion of his tax burden presently created by "welfare" programs.

Such a proposal to abolish government-sponsored welfare would invoke howls of righteous indignation and disbelief from the faithless. Ask such a person if he would willingly contribute to the support of his own parents in their old age or contribute to a responsible charitable organization or his church for the aid of those

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honestly in need. His answer will be a sincere and enthusiastic "yes." He believes himself to be compassionate and charitable, but he won't say the same of his fellow man; unless the Federal government intervenes and coerces through taxation and economic redistribution, people will starve! His faith rests in coercive legislation and taxation rather than in the voluntary love and charity of individuals.

What is worse, it can be seen that the cynic's faith in God and freedom ends where his confidence in and dependence upon the benevolent State begins. Although God loved man and had faith enough in His creation to give the individual freedom to choose and reject, our modern state-interventionists believe that individuals can not be left to their own personal freedom and accountability.

A Proud Heritage

Fortunately, these people who have lost faith in the enduring standards must fight a well-established tradition. America has a profoundly-rooted faith in freedom, in the dignity of the individual, and in the laws of God which govern human nature. Tradition may be scorned by the avant-garde "progressives" in political, economic, religious, and educational institutions, but its hold in the hearts of Americans in general is not easily broken.

We have a proud heritage, one whose milestones are inscribed with toil, dignity, courage, and faith – faith in the works of previous generations. Our heritage and our history attest to the absolute laws and principles to which man must always adhere if he aspires to dignity and prosperity.

The corrupters of our heritage threaten to create a fatal vacuum. Our history holds our mistakes, our successes, our hopes and dreams, and our hard-won knowledge of the paths which must be followed if our country is to survive. Our heritage should be studied, cherished, and its meaning passed on to future generations in defiance of those who are now making a profession of flogging America.

Men will continue to reject freedom and the worth and accountability of the individual. They will defy God and debauch our heritage. But the inspiring story of our heritage can never be destroyed, only belittled and dishonored. The seeds of freedom have been sown. It is our task to reap the harvest, to preserve the seed, and to prepare the soil for future harvests.

Ultimately, we arrive at the need for faith in ourselves. Though the Pilgrim fathers en-

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trusted their lives to God, they must have had faith in themselves as God's earthly tools. They recognized that, like all men, they were special creatures in the sight of God. They were men of individual worth and dignity. *And they acted as such!* Throughout the colonization and settlement of America, their posterity exhibited the same individualism and self-respect. They sweated over the plow, toiled with the harvest, hacked roads through the wilderness, trudged thousands of miles across the desert, and prayed – and they built a land of freedom and human dignity.

None of this progress was distributed on golden saucers for the asking; it wasn't accomplished overnight by blissful theorizing; and it was not masterminded by any politician who wanted to administer welfare tonics and pablum to the American populace.

Signs of Despair

Too many of our fellow citizens are quitting in despair. They have lost faith in themselves, forgotten our heritage, refuse to trust the individual to make his own choice, and lack faith in God. This sullen apathy and mood of defeatism is like a cancer on America, deadly if not removed.

Most folks still believe in the foundations of our Faith, but they are woefully short on physical, mental, and spiritual enthusiasm. They lack the enthusiastic commitment to give that faith meaning. To believe in freedom is admirable, but faith without works is dead. The optimistic attitude is a part of faith, a key to successful practice.

Our personal commitment to the eternal ideals of our Faith must be contagious. The demand of this hour in history is for men who will respond to that trust in God, freedom, the individual, our heritage, and ourselves. Today we read a dateless, ageless "want ad" for men who will be articulate, sincere, dedicated, forthright, and vibrant in expressing that Faith.

The fire of human endeavor is continually subjected to water and oil – the water poured on it by those who through ignorance or design seek to extinguish human dignity – and the oil of Faith of those who have dedicated themselves to replenishing the fire of man's integrity through confidence in individualism, freedom, their heritage, and God.

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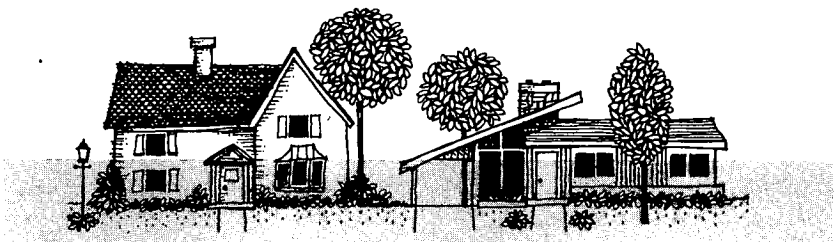

FLOOD RELIEF

PAUL L. POIROT

ASIDE from lives lost, early estimates of flood damage when tropical storm *Agnes* moved up the East Coast in June 1972 approached $2 billion, two-thirds of it in Pennsylvania.

Hours of steady, heavy downpour. Rivulets turning to torrents. Warnings and a rush to evacuate known flood plains and other low-lying areas. Bridges out. Cars stalled on flooded and debris-strewn highways. Daring boat and helicopter rescues of hapless victims. Trees uprooted, lawns and fields eroded, homes and cabins and trailers inundated if not upset or washed away entirely. Basements filled, motors and transformers and electrical appliances ruined, wells polluted, broken gas and water mains – and the fires, burning to the waterline with no way to get fire-fighting equipment to the scene. Water rising in the street, into the lower and sometimes the upper stories of homes and places of business. Services swamped, or entirely out of business. Rescue and relief stations. Emergency hospitals, housing, feeding, clothing, pumping, water testing, vaccinations.

Then the crest passes. Owners –and probably some looters–wade back to survey the damage and carry on the salvage, repair, restoration – or further destruction.

What does one think as he sloshes and scoops and picks

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through the rubble and slime and stench, sorting what might be saved from what can't or shouldn't? Give thanks that so many lives were saved, that not all property was destroyed? Pray that the sun may shine! Regret the hours and funds expended to build what is gone! Wonder what part of the loss, if any, might have been covered by insurance! How to deduct the rest from his income tax! How to obtain a grant or loan! How to build or hedge against future flooding! Feel sorry for all victims, but especially sorry for himself!

$2 Billion in Perspective

Perhaps it might take some time, perhaps it might never occur to most victims of the flood damage to view the $2 billion in perspective. The toll taken by *Agnes* in lives and property in the United States is roughly equivalent to the cost of one Apollo mission to the moon – or two weeks of U.S. involvement in Vietnam – or 4 days of government expenditures on domestic welfare programs – or 30 hours of total spending of taxpayers' property in the U.S.

To be sure, it is no way to measure the total loss of one man's business, his home, his life savings – say $100,000 – as amounting to an average of half a mill for each person in the United States, or the $2 billion total flood loss as an average of $10 per person. Any loss of private property falls entirely upon the owner of that property, just as a lost life is always that of some one individual. And any loss of "public" property, such as roads, streets, parks, schools, post offices, libraries, sewers, water systems, fire stations, and the like, falls proportionately upon the taxpayers of the unit of government involved.

Yet, the real loss, wherever the burden falls, is not in the disappearance of $2 billion of money or currency. Rather, it is a removal from the market of $2 billion worth of scarce and valuable resources – materials and services no longer available to help meet current demands. And in this sense is a storm like *Agnes* equivalent in destructive power to an Apollo moon shot. It destroys or removes from the market $2 billion worth of scarce and valuable resources for which willing customers and property owners had in mind, and in fact, other uses. The fact that a moon shot assesses the $2 billion damage against a broader group of property owners – at an average of $10 per man, woman, and child – does not render it less destructive on the whole than storm *Agnes* which hit Pennsylvania hardest. The toll in prop-

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erty, and lives and livelihood dependent on that property, is about the same in both of these catastrophes.

When Federal, state, and local governments spend well over $200 billion a year waging various wars against communism, famine, pestilence, ignorance, poverty, this means that property, lives, and livelihood are being withdrawn from the open market of willing buyers and sellers at the rate of a storm like *Agnes* about twice a week. And recent flood victims can testify, that's a lot of resources down the drain.

It may be argued, of course, that space exploration is well worth $2 billion a shot. And who is to say him nay if any individual wants to risk his own life and invest his own scarce and valuable resources in such research and exploratory ventures? Or to fight communism in Vietnam? Or to support the prices of farm products? Or to carry out various other welfare programs? Or whatever else an owner voluntarily does with his property in ways not injurious to other peaceful persons?

What is deplored are devastating forces raging out of control – coercive power that destroys the lives and the property of innocent and unwilling victims: a violent storm like *Agnes*, a moon shot or any other government project that is not essential to the defense of life and property and that might not be done if the doing depended upon willing buyers and sellers.

Violent Recovery?

How do individuals, how does an economy recover from an *Agnes*-type distaster? According to the *Wall Street Journal*, July 13, 1972, "Flood relief funds exceeding $1.7 billion were requested by the President . . . to meet fully the requirements of some 115,000 homeowners and 6,000 businessmen in six states who sustained flood damage . . . 30-year loans at 1 per cent interest, and repayment on the first $5,000 wouldn't be required . . . the largest single amount [$1.7 billion] ever allocated for a recovery effort."

One's heart bleeds for the victims of *Agnes*, especially if he happens to be one of them. But the harsh fact is that neither the President nor the Congress possesses $1.7 billion worth of scarce and valuable resources to give to flood victims. The proposal is to take that additional amount of resources, by the coercive power of taxation, from present owners, at an average rate of $8.50 per man, woman and child – at a substantially higher rate, of course, from the smaller number who pay taxes directly: the producers, savers, investors, workers and providers of

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jobs and goods and services. But where does the brunt of this $1.7 billion burden eventually come to rest? It rests upon the jobless, the homeless, the hungry, the sick, the aged and feeble – upon the victims of inflation! For the fact is that the U.S. Federal government will resort to the printing press to extract an additional $1.7 billion of scarce and valuable resources from the market. And the resultant higher prices and costs will, in effect, bar from the market the least affluent among prospective consumers.

The proposed program of coerced relief from *Agnes* is simply another disaster of almost the same proportions. And this, bear in mind, does not begin to encompass the demands that will arise for dikes, diversion dams, and countless other flood control measures in areas subject to chronic or occasional flooding – all at taxpayer expense.

The Voluntary Way

Admittedly, this is no simple, easy problem to resolve. And of only one thing may anyone be certain: There is no possibility of a solution unless the owners of private property stand ready to shoulder full responsibility for the use of such property, including any loss as well as any gain accruing from such use. To help a man build – or rebuild – on a flood plain, if he cannot bear to be flooded, is no service to him or to society.

To cite facts and principles in the face of perhaps the worst natural disaster in American history may seem unrealistic. The voters of America, generous to a fault, are far more apt to applaud than oppose in the wake of *Agnes* a major government relief program. Indeed, individuals *might* voluntarily contribute $2 billion of scarce labor and other resources to such an effort. But, of course, we shall never know, in our present state of dependence on government force to satisfy human wants.

Nevertheless, one is bound to call attention to the inescapable fact that government is force, and that unlimited force is unbearable tyranny. Somewhere, sometime, somehow, each of us must face the issue and draw the line if he would perserve his freedom and human dignity. The tide of welfarist protectionism and government regulation and control of our lives is at flood stage. Will the American people build and man the dikes, and do so voluntarily? Or will we continue to build houses on sand, in the flood plains, in the naive faith that the flood will curb itself and care lovingly for us from cradle to grave?

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Creeping Capitalism:

Is Free Enterprise Coming Back?

EDWARD COLESON

MANY of our disillusioned contemporaries have given up on the present. If they have not "dropped out" so completely that they have quit thinking altogether, they are wont to retreat to the past. They like to imagine some golden age long ago when life was lovely and things worked out as they should. If they had just lived back then, think what they could have accomplished. But not today! The present is hopeless. Sad to say, today is all we have. Sad to say also, yesterday had its problems too.

Perhaps the classic example of the "displaced person" in history was Madame Roland who, says Carl Becker,[1] often "wept to think she was not born a Spartan or a Roman. . . ." There were no opportunities for heroic action in her little world, "the stuffy apartment of an engraver doing a small business on the Pont Neuf" in the Paris of 1788. But wait – July 14 came next year, the Bastille was taken and she had an opportunity to be part of as stirring events as the world has ever seen. She was unjustly thrown into prison and, as she awaited her turn at the guillotine, she recalled that Socrates had also been a martyr. On her way to the place of execution, as she passed a statue of Liberty, she exclaimed, "Oh Liberty, what crimes are committed in thy name!" Let's hope that you and I are more fortunate than Madame Roland, but the point is obvious: her age was the "best of times and the worst of times," just as Charles Dickens tells us in the opening lines of his *Tale of Two Cities*. So was the age of Socrates and that much-maligned era called the present – more precisely, today.

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No Instant Answers

A lot of good conservatives have been quite overwhelmed by developments in the last few decades. If they are ancient enough to remember the election twenty years ago – the strong feeling on the part of many that now we could drastically reduce the vast Federal bureaucracy, liquidate the farm program, reduce welfare expenditures to a reasonable figure and get people back to work again, trim the national budget so that no one would recognize it, all this and Heaven too, if we just elected the right president come November – well, such a voter may have given up on the political process some while ago. If the frustrations of the 'Fifties didn't do it, surely the conservative debacle of 1964 did. But such a political dropout fails to understand the historical process. There are no instant problems or instant solutions.

As Walter Lippmann[2] wrote during the Second World War, "the movement of history is massive, and the mills of the gods grind slowly. . . ." We need to learn to look far in the past to see the beginnings of the present, and to peer down into the tomorrows to try to see where we are going. Free enterprise did not spring full blown from the mind of Adam Smith in 1776, nor did the "New Deal" arise by spontaneous generation in the spring of 1933: both had their roots far in the past. If Socialism has been creeping up on us as far back as any of us can remember, this is the way Capitalism came into being in the early decades of the last century. The seeds of tomorrow are sprouting today, but it isn't easy to guess what the flowers and fruit will be like afterward. We human beings are notoriously poor prophets.

One reason why the best laid plans of mice and men go awry is that history has a way of doing a dramatic about-face every once in a while and often even a double switch, like the surprise endings of O. Henry's short stories. Few people could see the threat that Hitler posed even years after he came to power in 1933; and when the Nazi blitz was overwhelming Europe a little later, few could see the possibility of stemming the tide. In the postwar treason trials in France Pierre Laval asked the court how anyone in 1940 could have guessed that Hitler would not win the war. Men like Winston Churchill and General de Gaulle walked by faith, while the quislings and other appeasers walked by sight. If one cannot outguess history, at least he can try to be on the side of right and leave the outcome to the One who inhabits Eternity.

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Laissez Faire

Obviously, there was no use in trying to straighten out the chaotic and decadent world of the Old Regime in France in the middle of the Eighteenth Century, when a few free enterprise philosophers called Physiocrats coined the phrase "laissez faire" and sought to bring order out of chaos. While Adam Smith was visiting France (1764-'66), he got acquainted with the Physiocrats, spent a considerable amount of time with them, and seems to have been influenced considerably by their thinking. But what is incomprehensible is the fact that a handful of French intellectuals and a relatively unknown Scottish professor of moral philosophy should start a revolution which would eventually – long after they were dead – change the whole destiny of the Western World and point the way to freedom.

As is well known, Adam Smith's *Wealth of Nations* appeared the same year that Thomas Jefferson penned the "Declaration of Independence." The two were of a kindred spirit too. Both advocated limited government and the rights of the individual. Jefferson's masterpiece bore fruit rather immediately, but *The Wealth of Nations* came into its own much more slowly and rather hesitantly too. The book became a best seller and was widely read and highly acclaimed by distinguished people. Edmund Burke[3] insisted that "in its ultimate results" the *Wealth of Nations* "was probably the most important book that has ever been written." Since Burke died in 1797 and did not live to see any very tangible results (although Prime Minister Pitt was strongly committed to Smith's ideas and was seeking to implement them) one wonders what he meant. Perhaps we may regard this as another of his prophecies, like his premonition that the French were in for real trouble. Burke[4] was already deeply concerned about the condition of France, the danger of "some extraordinary convulsion," as early as 1769, although the French Revolution did not come for another twenty years. Did he also foresee what would really happen when men had the courage to actually put Smith's theories to the test? That day was long in coming and conditions got worse before they got better. No doubt part of the delay was due to the coming of the French Revolution. According to John Chamberlain,[5] "If the shadows of the French Revolution and the long Napoleonic struggles had not intervened, the full Smith doctrine might have become English governmental policy long before 1835 or 1848."

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The Complex World of Earlier Periods in History

Before considering the very great impact of the French Revotion and the Napoleonic Wars on the political and economic development of Europe, let us examine briefly what Adam Smith was rebelling against. Since many Americans remember, at least second hand, the rather simple days of the late Victorian period, the "Gay 'Nineties," it is customary for them to extrapolate backward to even simpler days in the 1790's or the 1690's. This view, of course, is completely fallacious. The world that Adam Smith and the Physiocrats knew was an exceedingly complicated affair and had long been that way, although the industrial age, which is supposed to be responsible for our modern complexities and perplexities, was still in its infancy.

Indeed, nearly two centuries before Watt perfected his steam engine and Smith wrote his protests against interfering with the market, the Spanish were developing a very complicated economic code for the management of their new colonies, even before they knew what they had over here. Ten years after Columbus returned from his first voyage, Ferdinand and Isabella created the House of Trade at Seville and put it in charge of the commerce of the colonies. Ultimately every aspect of life in the New World was controlled, presumably to promote the prosperity of the Mother Country. This system, known to history as mercantilism, should not be too hard for us to understand, since it is back with us again.

This Spanish version of the managed economy should also be of great interest to those who question the wisdom of similar attempts today. A few examples should illustrate the nature of the regulations and the severity of the punishment for disobeying them. Vineyards were forbidden in the New World on pain of death. (This was not an early try at "Prohibition" but was an attempt to help the Spanish wine producers at home.) The death penalty was also decreed for anyone in the colonies caught manufacturing any of a long list of articles, including artistic workings of gold and silver by the Indians. Trade with the colonies was strictly controlled also. Only one port in Spain was open to commerce with the New World and only two or three were allowed on this side of the Atlantic.

The easy assumption that freedom grew spontaneously in the virgin soil of the New World does not bear close scrutiny. Certainly this was not true in the Spanish colonies. Freedom is a world view

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Free enterprise did not spring full blown from the mind of Adam Smith in 1776, nor did the "New Deal" arise by spontaneous generation in the spring of 1933: both had their roots far in the past.

but not a geographic location; we find it in the philosophy book, not the atlas.

Nor was this economic folly confined to the Spanish. The French system of economic controls, well known to Adam Smith through the Physiocrats and his own observations while traveling in France, was also a labyrinth of complexity. It required more than two thousand pages to print the textile regulations alone and, like Draco's Code, they could be said to have been written in blood. For instance, sixteen thousand people died as the result of the laws governing the production of printed calicoes, either executed by the courts or killed in being apprehended for the violation of these regulations.

The English rulers had never done as badly as those of Spain and France because the political situation was rather insecure during much of this period (Charles I lost his head in 1649 and James II his throne in 1688), but they had done enough to arouse Smith's wrath. He had a special grudge against monopolies. As Chamberlain[6] says, ". . . his treatment (in the *Wealth of Nations*) of the monopolies granted to single companies for trade with the Orient – the East India company, for example – are masterpieces of restrained rage." It cannot be stressed too strongly, however, that Adam Smith was no anarchist; he was not out to abolish the Ten Commandments, the laws against murder and theft, but just the innumerable petty economic regulations that kept goods unnecessarily scarce and the mass of the people needlessly poor.

Retreat from Freedom

The French Revolution and the ensuing Napoleonic Wars seemed to push England and Western Europe farther and farther from the laissez faire economic policies advocated by the French Physiocrats and Adam Smith. Part of this seems almost inevitable in war time, at least, the way modern wars are fought. Most of us probably have forgotten both the duration and extent of this conflict: from the Fall of the Bastille on July 14, 1789 to Napoleon's defeat at Waterloo on June 18, 1815 is almost twenty six years; and,

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while the war was not continuous during this period, it was always too close for comfort. Furthermore, it was a global conflict, (We sometimes forget that our own War of 1812 was just an extension of the one in Europe.) Needless to say, a war of this ferocity and duration impoverished the participants greatly, and the postwar depression was very severe. Nor is it necessary to point out that freedom was severely curtailed during this quarter-century of conflict, in spite of the early French slogan, "Liberty, Equality and Fraternity."

Both the English and Napoleon whose Empire included most of Western Europe – and even Russia with the Czar's cooperation for a time – blockaded each other's coastline, although much of it was a "paper blockade," particularly for the French who lost control of the seas after Lord Nelson's victory at Cape Trafalgar in 1805. The United States, a young nation heavily dependent on foreign trade, found herself in a most awkward position with both sides preying on her commerce.

With Napoleon his Continental System, as he called it, was a "Co-prosperity Sphere," a managed "European Market" with England excluded, not unlike Clay's "American System" for the United States a couple decades later. While these blockades can be passed off as war measures, Napoleon's commitment to his brand of mercantilism seems to be more than mere expediency. After all, an important reason for his costly expedition into Spain was to put down opposition to his Continental System and even his disastrous invasion of Russia was certainly in part to compel the Czar to continue to adhere to his protectionist policies. As an English writer[7] of the last century tells us, "It is well known that Napoleon Bonaparte . . . entertained a rooted antipathy to political economy. It was a saying of his that 'if an empire were made of adamant, the economists could grind it to powder.' "

In the meantime, the English were not doing much better. Getting one's daily bread had always been a great problem for ordinary working people. In 1770 a bushel of wheat cost an English laborer about five days' pay, but the war with Napoleon and bad harvests drove the price to the equivalent of nearly two weeks' wages in 1813. With famine upon them Parliament[8] met and – you won't believe it – they increased the import duty on grain even more. The argument of the landed aristocrats who then ran England was that this increase would stimulate domestic production. Evidently, the English ruling class was as far

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The question of questions for the politician should ever be — "What type of social structure am I tending to produce?" But this is a question he never entertains.

from Adam Smith's free trade doctrines in practice as Napoleon had been, whatever the former might think of the *Wealth of Nations*.

Speenhamland Poor Law of 1795

The English also stuck themselves with a disastrous poor law in 1795, a half dozen years after the Fall of the Bastille in Paris and just as Napoleon was emerging as one of the greatest military geniuses of all time. This new welfare arrangement lead to difficulties beyond the maladjustments growing out of the protracted wars. England had had a problem of poor relief ever since the breakup of the medieval manors centuries before (it was local and less obvious then). The Church had tried to care for the needy until the Reformation and then the State was saddled with the responsibility. Elizabeth, whose father Henry had started the English Reformation, made the first systematic attempt to cope with the problem. New poor laws were passed from time to time to correct the maladjustments created by the last ones. One writer in 1622 thought the root of the difficulty was the prevalance of monopolies:

> This engrossing of Trade into few men's hands hath caused our home trades to decay, . . . to the utter undoing of all sorts of poor people in England, and the great damage of all his Majesty's loving subjects.[9]

A common explanation for the woes of the poor of England from the Sixteenth Century to the Victorian era is the enclosure movement, the change from a peasant-village-communal type of ownership to the landed estates of the aristocracy. The classic literary work growing out of this social and economic revolution was Goldsmith's *Deserted Village*, published in 1770. But there have been dissenters from this view, then and more recently. Probably few knew England at this time as well as John Wesley[10] (he is said to have traveled the equivalent of nine times around the earth during his ministry and mostly on horseback), but he ridiculed Goldsmith and saw considerable progress all around him. It fascinated him.

Chamberlain,[11] drawing from Adam Smith's experience, empha-

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sizes the advantages of enclosure: no one can or will improve his land or livestock until he has a deed to the property and a fence (hedge) around it. These are simply the facts of life. By contrast, the late Wilhelm Roepke[12] seems to have regarded the loss of England's peasantry as a misfortune and an unnecessary one at that. Comparing the decline of English agriculture in the last century with the phenomenal rise of Danish farming during the same period, he comments: "This decay overcame an agricultural system which had lost its strength, its vitality and its social soundness because it had lost its peasantry."

Whatever the cause of widespread pauperization – monopoly, enclosures, or even the rising factory system, as has often been suggested – the English had problems. With the Terror in Paris rising to new heights of ferocity, the English ruling class was profoundly uneasy and looking for instant answers. They thought they had found their panacea in an arrangement worked out by the justices of Berkshire in May, 1795, and generally adopted by the other counties of England, although never enacted by Parliament. The Poor Law of 1795 became known as Speenhamland, because the initial meeting was held in a village of that name.

The Right to Live

The new welfare system was a wage-supplement plan based on the "right to live" principle. If a family man could earn half a living, the government supplied the other half. If he earned nothing, he was completely on the dole. If he made enough to survive, he got nothing from the government. Details varied across the nation, but it was a comprehensive scheme with a "cost of living" escalator tied to the price of bread, additional benefits with more dependents, and all the rest. It sounds quite modern. As Karl Polanyi[13] says, "No measure was ever more universally popular."

The "war on poverty" was won – all they needed now was to conquer Napoleon. Actually, the latter proved the easier foe to vanquish. He was defeated at Waterloo in 1815 and sent to Saint Helena. A severe postwar depression then added to the misery and havoc of the war. Poverty was still very much with them. Even those landed aristocrats, who had done well on the high food prices of the war era, now found they were land poor. No small part of the blame for the misery of this period, traditionally heaped on the manufacturers of the early Industrial Revolution, properly belongs to Napoleon – if he was responsible for the war with its destruction and

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A famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconvenience of a dearth.

its subsequent economic crisis. Part of the problem also was this unfortunate Poor Law, as will be obvious as we examine its economic consequences.

Renewed Interest in Freedom

Perhaps it was too much to expect anything very constructive to come out of those long weary years of war; but with the return of peace Adam Smith's ideas began to be taken seriously once more, not just by intellectuals but by practical businessmen, too. In 1820, groups of merchants and manufacturers in both London and Edinburgh petitioned Parliament to remove the many restrictions on trade. A special committee appointed by the House of Commons to study the problem found eleven hundred regulations which hampered trade in various ways and recommended that they be abolished. While this was not done instantly, there were several reciprocal trade agreements negotiated with the neighbors in the next few years. Western Europe was definitely moving in the direction of greater freedom.

Another problem that sorely needed attention in the postwar era was the hopelessly tangled labor situation. Ever since the Speenhamland welfare program was devised in 1795, England had sunk deeper and deeper in a hopeless quagmire. I have found no writer, left or right, who has had anything good to say for this Poor Law, although most everyone seems to have favored it at its inception. Polanyi, an avowed Socialist, expresses amazement that any laborer would work at all when he could get along quite as well without doing so. Evidently, someone worked a little. In practice, great numbers of laborers did a little work for an inadequate pay check which was supplemented by welfare payments, as we would call them. In fact, the employer expected his help to be on the poor rates because he didn't expect to pay them a living wage; neither did his laborers plan on doing a fair day's work for him.

The consequence of such a system was almost universal pauperization. Says Polanyi, "In the long run the result was ghastly," and he allows that at least part of the human and social degradation of

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early capitalism should properly be attributed to the devastation wrought by the Speenhamland Poor Law of 1795. If it was that bad – and even the liberal *Encyclopaedia of the Social Sciences*[14] insists that it "demoralized both employer and employed" – surely it should have been no problem to abolish it. Actually, laborers were sure they couldn't live without it; and employers who were paying taxes to support the system were loath to have the law repealed because, after all, it did help to pay the hired man. Although never established by Parliament, it was finally abolished by Parliament in 1834, after the First Reform Bill had established a more democratic and responsive legislative body.

If people couldn't live with the Poor Law, they couldn't live without it. Hardly anyone had ever said a good word for the Speenhamland welfare arrangement, once they had seen it in operation; yet, there were anguished wails that its abrupt termination caused great hardship and unnecessary suffering. Perhaps the testimony of one who was close to the situation at the time may help us understand the problems of transition. Herbert Spencer, whose uncle was deeply involved in the relief problem, before and after repeal, tells us how the change came about in his uncle's parish:

> A late uncle of mine, the Rev. Thomas Spencer, . . . no sooner entered on his parish duties than he proved himself anxious for the welfare of the poor, by establishing a school, a library, a clothing club, and land-allotments, besides building some model cottages. Moreover, up to 1833 he was a pauper's friend – always for the pauper against the overseer. . . . however, the debates on the Poor Law . . . impressed him with the evils of the system then in force. Though an ardent philanthropist he was not a timid sentimentalist. The result was that, immediately the New Poor Law was passed, he proceeded to carry out its provisions in his parish. Almost universal opposition was encountered by him. . . . My uncle, however, not easily deterred, faced all this opposition and enforced the law. The result was that in two years the rates were reduced from £700 a year to £200 a year; while the condition of the parish was greatly improved. "Those who had hitherto loitered at the corners of the streets, or at the doors of the beer-shops, had something else to do, and one after another they obtained employment;" so that out of the population of 800, only 15 had to be sent as incapable paupers to the Bath Union . . . in place of the 100 who received out-door relief a short time before. . . . some years later . . . , having killed himself by overwork in pursuit of popular welfare, . . . the procession which followed him to the grave included not the well-to-do only but the poor.

Several motives have prompted this

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brief narrative. One is the wish to prove that sympathy with the people and self-sacrificing efforts on their behalf, do not necessarily imply approval of gratuitous aids. Another is the desire to show that benefits may result, not from multiplication of artificial appliances to mitigate distress, but, contrariwise, from diminution of them. [When the Speenhamland system was set up in 1795] . . . it was not expected that the poor rates would be quadrupled in fifty years, that women with many bastards would be preferred as wives to modest women, because of their incomes from the parish, and that hosts of ratepayers [taxpayers] would be pulled down into the ranks of pauperism. . . . the larger becomes its extension [the involvement of the State] the more power of spreading it gets. The question of questions for the politician should ever be – "What type of social structure am I tending to produce?" But this is a question he never entertains.[15]

What makes this quotation so interesting is the fact that, with minor editorial changes, one would assume it had been written last week – except that we haven't solved our problem yet. For the purpose of the present discussion, it is obvious that England could not have risen to the heights of prosperity and power a little later with a demoralized and pauperized labor force as the foundation of its national life. Certainly not the least of the reforms which led to Victorian greatness was the liberation of the English laborer from a vicious system which destroyed all incentives to work and any reward for so doing. While no doubt the intentions of those who devised the Speenhamland Poor Law were the best, the results over nearly forty years had been, as Polanyi tells us, "ghastly."

The Anti-Corn Law League

The next chapter in the story of England's economic liberation was the famous "Repeal of the Corn Laws" in 1846. The Corn Laws were England's "farm program," a very ancient and miscellaneous category of laws passed from time to time to encourage the production of grain. Since bread is the "staff of life," the promotion of a sound agriculture took on the aura of a sacred duty, although opponents of the laws regarded them as a national swindle and insisted that people in general would be better off without them.

In his *Wealth of Nations* Adam Smith had a lengthy "Digression concerning the Corn Trade and Corn Laws" attached to the end of Chapter V, "Of Bounties." In fact, his digression is longer than the rest of the chapter. As might be surmised, he was opposed to those assorted interferences with the market. Early laws, he said, for-

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bade the activities of what we call the "middle man," still the bane of farmers today, according to popular notions. There was deep public concern lest speculators should take advantage of the hungry masses in times of famine, so official attempts were made to keep this from happening. Smith[16] was sure that such misguided efforts only made the crises worse: ". . . a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth." Whatever he thought, the government had been busy for centuries with its panaceas and would continue its efforts for decades after his passing; the remedy of his day and the next half-century was an import duty on grain.

In the years following the publication of *The Wealth of Nations* the protection of English agriculture from foreign competition became increasingly unpopular. The landed aristocrats created a national scandal during the famine times of the later Napoleonic War period by increasing the tariff on grain when the price was already prohibitive, as has been mentioned. One would suspect that the general public never quite forgave them for that, and anti-corn law feeling continued in the early decades of the last century. In 1827 Colonel Thomas Perronet Thompson[17] published his famous *Catechism on the Corn Laws*, a series of questions and answers which proved most revealing. Three years later Ebenezer Elliott, "the Bard of Free Trade," came out with his *Corn Law Rhymes* in which he contrasted the plight of the poor and hungry with the luxury of the "wicked monopolists" who conspired to hold up the price of bread by keeping out foreign grain. As trade was loosening up over those years, the tax on food became more and more odious to a lot of people. Organizations began to be formed to combat the tariff on grain. When a severe financial crisis made a chronic ailment into an acute affliction, the long-standing opposition to the grain duties began to snowball into a national movement: the famous Anti-Corn Law League was founded in Manchester in 1839. John Bright and Richard Cobden swiftly emerged as the leaders of the movement and England was off on another exciting crusade.

To understand the Anti-Corn Law agitation of the next seven years one must know something of the context in which it happened. On the intellectual side it can be said that the seed planted by Adam Smith and nourished by a host of later disciples – scholars, statesmen, the clergy, businessmen,

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While a given political or economic arrangement can be imposed by force or fraud, people tend to get about the system they deserve.

schoolteachers and ordinary citizens – had grown, matured, and was now ready to blossom and bring forth fruit. While a given political or economic arrangement can be imposed by force or fraud, people tend to get about the system they deserve.

Britain had been moving in the direction of laissez faire economics for decades, because a lot of people felt that this system was *right* in the absolute sense, the same as the multiplication tables or Newton's Law of Gravity. Still, man tends to let things go if he can and not change unless the situation gets out of hand so that some sort of readjustment must be made. In the next several years a series of calamities provided the motivation for change, and the free traders were there to capitalize on the situation.

The first of these crises was a serious and widespread economic depression. We in America had our share of it too, the famous Panic of 1837, and no doubt we helped to make it happen. Our "wild cat" financing of a host of internal improvements before the crash, projects in which a lot of foreign capital was invested, resulted in severe losses for English investors who bitterly resented the repudiation of American bonds. After the state of Pennsylvania defaulted on her obligations, one wit writing in the *Edinburgh Review*,[18] ". . . remarked that whenever he met a Pennsylvanian at dinner in London he wondered that nobody carved him up and served him in slices to every Englishman present."

Of course, the depression resulted in widespread unemployment and much suffering, but John Bright, a textile manufacturer, seems to have blamed the English Corn Laws for much of the distress. Even the drastic decline in the sale of flannel to America, which put a lot of English textile workers out of work, Bright blamed on British policy. He said the Americans were just retaliating against British discrimination against grain from the United States. While he allowed that the Corn Laws were not to blame for everything, he insisted that their repeal would go far in solving a lot of other problems. A host of people across the

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nation shared his views. The problem now was to change the law. Before this was done, however, even worse calamities were to come.

"The Battle of the League"

What Bright's biographer[19] has called the "Battle of the League" is an interesting study in how to win political friends and influence legislators. They tried every legitimate technique known to politics and then available. They distributed literally tons of tracts: "...as many as three and a half tons of tracts were delivered from Manchester in a week."[20] The ladies had tea parties, and Anti-Corn Law League bazaars were held which were more of "the character of a great art Exposition than of a mere bazaar;" here customers could buy "free trade handkerchiefs, anti-corn law breadplates and teapots and anti-monopoly pin cushions." A great conference of the clergy was held at Manchester and many ministers began to preach that the corn laws were "anti-scriptural and anti-religious, opposed to the law of God."

Since Bright himself was a devout Quaker and thought in Biblical terms, this is just the way he wanted it. It was easy for cynics then and since to see in Bright's efforts a thinly disguised effort to promote his own interests and those of the business community, but this is hardly fair to him. He was no hypocrite. He could be as staunch for what he believed was right when he had nothing to gain and everything to lose. For instance, he was bitterly opposed to the Crimean War a decade later and on principle, although his stand made him enormously unpopular and caused him to lose his seat in Parliament. He was quite prepared to suffer for his beliefs. When Bright found free trade in the Bible – "As a nation of Bible Christians, we ought to realize that trade should be as free as the winds of heaven" – he meant it, and his own sincerity and deep convictions were convincing:

> . . . he refused to separate the spheres of morality and politics. Moreover, he did all this at a time when the mood of the informed men of the age disposed them to prefer subtle calculations of political expediency to adherence to general principles of conduct.[21]

The Biblical and moral arguments carried great weight with a lot of people who had helped to abolish slavery throughout the Empire a dozen years earlier, but those who were not swayed by the ethical approach found Richard Cobden's facts convincing. He also was in Parliament and, if less elo-

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All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord.

quent than his friend, he was still a formidable foe of protectionism. In March, 1845, Robert Peel, then Prime Minister, was listening to one of Cobden's long factual speeches when he crumpled up his notes and remarked to a colleague sitting next to him, "You must answer this for I cannot."

Although Peel had greatly liberalized trade three years earlier, this was not enough to placate the League, particularly since the Corn Laws were still on the books. Cobden was now certain that the Prime Minister was quite ready to go the whole way, if he could just find a suitable opportunity. His chance came swiftly in the form of a natural calamity, the tragic Potato Famine in Ireland. That country was seriously overpopulated, desperately poor and excessively dependent on potatoes so when the crop blighted and rotted in the ground in August of 1845, famine was upon them. Estimates have placed the loss of life[22] as high as two and a half million people over the next few years. Clearly, limitations on food imports were indefensible in such a situation. Parliament met in special session in January, 1846, and Robert Peel recommended the repeal of the Corn Laws. After months of bitter debate, the bill became a law in June of the same year. As John Bright said, "Famine itself, against whom we fought, took up arms in our behalf." At long last the duty on grain – the tax on bread as the League was wont to call it – was abolished.

While the repeal of the Corn Laws did not result in complete freedom of trade, Britain continued to move in that direction so that by 1860 she had arrived. The Navigation Laws and Usury Laws had also been repealed. "Laissez-faire had reached in Great Britain the culminating point," wrote G.D.H. Cole,[23] the Fabian Socialist, and he then proceeds to describe the rapid growth of British trade. Freedom was the fashion and it proved profitable too. Even Lord Keynes[24] speaks of the late Victorian era as an "economic Eldorado," an "economic Utopia." Another writer says,[25] "In our own unpleasant century we are mostly displaced persons, and many feel tempted to take flight

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into the nineteenth as into a promised land, and settle there like illegal immigrants for the rest of our lives." While returning to the past is clearly impossible, if desirable – they had their problems and we have some very real advantages too – still the question remains whether we could regain the best of their world and graft it on to the best of our own. Let us examine this possibility.

Return to Freedom

I shall not attempt to predict just how we are going to straighten things out; like Amos of old, I'm "no prophet, neither a prophet's son." Nevertheless, I think we can get some idea how it might happen from the British transition to free enterprise as described in this article. Of course, it is notoriously hard to turn a nation around once it is launched in a given direction – particularly if it is down hill. Tocqueville[26] comments on this tendency: "The machine once put in motion will go on for ages, and advance, as if self-guided, towards a point indicated beforehand." Another Frenchman a little earlier, Louis XV, remarked cynically as the Old Regime of France was hastening to its fall, "Let the good machine run itself. It will last our time. After us, the deluge." Louis XVI was swept away by that deluge, but freedom did not come to France in spite of the slogans of the Revolution. Chamberlain[27] remarked a few years ago that, since "politics tends to go by ratchet-action" in a democracy, the time may come when the situation becomes so snarled and tangled that a nation "may be lucky . . . to lose a total war totally," provided they are conquered by a magnanimous foe and have "a Roepke serving as advisor to the Ministry of Economics, not a John Maynard Keynes." That is a long string of "ifs" and the hazards are great if you are not that lucky. The English escaped the equivalent of the French Revolution nearly two centuries ago but found their way, falteringly but surely, toward the desired goal, a peaceful revolution of freedom. Judging by the British experience, a nation needs an intellectual elite which believes in liberty (let's hope we are building that now); a general population which is weary of the endless and stifling restrictions of mercantilism (many of our people are getting tired of the pretensions and high cost of big government); and crises which afford the possibility of a choice (and all nations have those, particularly the omnicompetent state which attempts more than anyone can accomplish).

Actually, setting up the free

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system is remarkably easy, when the opportunity comes. Communists admit they have never even approximated the Marxian blueprint and their government isn't "withering away" today any faster than ours is. No such difficulty was experienced after 1846 for, as Adam Smith[28] says, "All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord" – if people are just wise enough to let it happen. Let us, therefore, be busy at the educational task as our first priority. It is well to remember that it was a familiar maxim in England for two decades before the Corn Laws were repealed that "the schoolmaster now walks abroad in English politics." We then need to seize every opportunity which crises afford and, most important of all, ". . . let us not be weary in well doing: for in due season we shall reap, if we faint not." (Galatians 6:9)

• FOOTNOTES •

1 Carl L. Becker, *The Heavenly City of The Eighteenth-Century Philosophers*, pp. 151-154.

2 Walter Lippmann, *U. S. Foreign Policy: Shield of the Republic*, p. 138.

3 George Soule, *Ideas of the Great Economists*, p. 40.

4 Peter J. Stanlis (ed.), *Edmund Burke, Selected Writings and Speeches*, p. 418.

5 John Chamberlain, *The Roots of Capitalism*, p. 23.

6 *Ibid.*

7 Henry M. Hoyt, *Protection versus Free Trade*, p. 72.

8 Robert L. Heilbroner, *The Worldly Philosophers*, p. 73.

9 Vernon A. Mund, *Open Markets*, p. 79.

10 Umphrey Lee, *The Lord's Horseman: John Wesley the Man*, p. 172.

11 Chamberlain, pp. 12-14.

12 Wilhelm Roepke, *The Social Crisis of Our Time*, p. 245.

13. Karl Polanyi, *The Great Transformation*, pp. 77-79.

14 *Encyclopaedia of the Social Sciences, Vol.* 12, "Poor Laws," pp. 230-234.

15 Herbert Spencer, *The Man versus the State*, pp. 24-32.

16 Adam Smith, *The Wealth of Nations* Modern Library edition), pp. 492-493.

17 Asa Briggs, *The Making of Modern England (1784-1867), The Age of Improvement*, p. 313.

18 John Chamberlain, *The Enterprising Americans: A Business History of the United States*, pp. 70-71.

19 George Barnett Smith, *The Life and Speeches of the Right Hon. John Bright, M. P.*, Vol. I, p. 122.

20 Briggs, pp. 317-318.

21 Asa Briggs, *Victorian People*, p. 202.

22 Cecil Woodham-Smith, *The Great Hunger, Ireland, (1845-1849)*, p. 411.

23 G.D.H. Cole and Raymond Postgate, *The British Common People, 1746-1946*, pp. 336-337.

24 John Maynard Keynes, *The Economic Consequences of the Peace*, p. 10.

25 Briggs, *Victorian People*, p. 7.

26 Alexis de Tocqueville, *Democracy in America (Mentor edition)*, p. 50.

27 Chamberlain, *Roots of Capitalism*, pp. 207-208.

28 Smith, p. 651.

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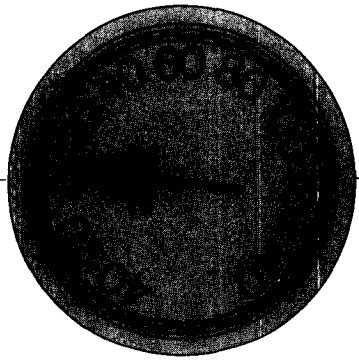

5° Above Zero

W. A. PATON

THE CITY GOVERNMENT in my home town took over the chore of collecting garbage and trash several years ago. Previously this chore was largely taken care of by scores of small operators, keenly competitive. I never had any difficulty in having my garbage, ashes, waste paper, brush from tree trimming, leaves, and other refuse removed promptly and efficiently. The private operators had no special requirements whatever as to packaging, arranging, or locating the rubbish to be carted away. There was no rigid schedule of removal dates; the operator came when the individual householder asked him to come, and where a time of collection had been agreed upon it could be altered by a telephone call.

When the City took over waste collection there was an immediate decline in the quality of the service. The fixed schedule set by the Department of Public Works provided less frequent service than some families desired, but of course no special collection times could be arranged. Moreover, from the outset there have been frequent deviations from the announced schedule. Requirements as to the householder's procedure became more complex and rigid as time went on. Under one early rule ashes had to be sacked and placed in the garbage cans, instead of being left on the back porch in cartons or other disposable containers. Branches and

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other brush must now be cut up and placed in sacks of specified size (a very inconvenient, time-consuming procedure). Pebbles and stones will not be removed under any circumstances. Burning paper – or anything else – on the premises is now prohibited, regardless of care and safety precautions taken. The fancy trucks used by the City are large and costly, and equipped with lifts to spare the backs of the accompanying staff. The lifting apparatus is very noisy, being easily heard for a quarter-mile or more. Recently all citizens received a printed document which set forth the rules and directives of the "new refuse collection system" as follows:

NEW PROCEDURE

On the day of collection a two man set-out crew will bring your refuse containers or tied plastic bags from the back yard to the curb.

Several hours later a drive-collector will come by and place the refuse in the truck. He will serve one side of the street at a time.

After collection, the resident must bring his containers back from the curb to the back yard. If the resident uses tied plastic bags, only the bags will go to the curb and he will have no containers to retrieve.

Plastic bags should be a 2 mill bag such as the Fire Department has for sale.

On the day of collection the containers or tied plastic bags should be in one location, either behind the house, along the side of the house, outside the garage, or at the curb.

Keep your driveway clear!

The combined weight of each individual container and its contents cannot exceed 50 pounds.

Refuse should be available for collection by 7:00 a.m. If your refuse is NOT collected by 4:00 p.m. on your assigned day, please call City Hall, 761-2400 extension 257 so provisions for pickup may be made.

No animal waste will be picked up.

When a collection day falls on a holiday, the schedule for the remainder of the week will be one day late, and the extra day will then be made up on Saturday.

These requirements, with the new feature of a "set-out crew," will obviously make the collection process more complex, more drawn out, and will justify more staff. Note the preemptory "Keep your driveway clear!" No private concern issues such orders, and not even the U.S. Post Office has gone that far. For how long, one wonders, must this be done on the specified day, and must the householder stand guard for hours to make sure the driveway is completely free of cars or other obstacles? Note, too, the arbitrary weight requirement. To be sure that this rule is observed must the householder acquire scales

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and weigh all cans and sacks used, and perhaps leave some half-filled, where heavy materials are involved? And what is the homeowner supposed to do with the dog dung littering his yard, deposited by roving animals that find the location attractive for the purpose? A side effect of the new rules, already much in evidence, is a marked increase in cans and bags along our streets for lengthy periods, as a result of the difficulty many find in meeting the 7:00 a.m. deadline plus the hours of delay before the truck arrives to make the collection plus the delay – often for several days – before the resident gets around to removing the empty cans from the curb area. The net result is unsightly streets, all over town – visual pollution, to say the least. And empty garbage cans left standing in driveways by the collectors are a nuisance, and may be a hazard, especially after dark.

Like It or Lump It

As almost goes without saying, the city government took over the waste collection business without asking for any advice from individual citizen customers. Moreover, in establishing rules, including those of the "new system," the people served were given no opportunity to express their opinions. I should add that we are not as yet prohibited from engaging a private rubbish collector, if we can find one – but such action will not reduce the levy for "utilities" service, or the bills for taxes.

The winter of 1971-72 in southeastern Michigan was not characterized by extremely low temperatures, but we did have quite a lengthy spell when the thermometer registered from a bit below zero to 5° above. During this period the refuse collection staff of our Public Works Department calmly announced that they would not report for work on days when the temperature was "5° above zero" or less at the regular reporting hour. And the gang maintained this position all winter, despite a few mild protests from citizens here and there. In my own case my garbage was not touched for one stretch of three successive weeks. I was reminded of the times on the farm when we attended to the chore of milking the cows when the outdoor temperature stood at 20° below, with the thermometer inside the stable door hovering around the zero mark. I suppose this was not in line with good modern practice regarding working conditions.

Why the Popular Support?

One of the signs of the times that continues to puzzle me is the attitude of some people in my

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neighborhood regarding the sphere of government activity. Despite their personal, first-hand experience with the very objectionable system of municipal garbage and trash collection, many still clamor for more and more interference by government, at all levels, with private business operation, including outright takeover in some fields, and are vociferous in their support of the programs of nationally known "consumer advocates" and other critics of the automobile companies and business corporations generally. They also tend to applaud the continuing barrage of attacks on business – in and out of the legislative halls – by office-holders and candidates with strong socialistic leanings.

Another, and more widespread, attitude to be observed is the indifference, and lack of complaint, regarding the inefficiencies and failures clearly in evidence in fields where government has long been in complete charge. This posture is found among those somewhat sympathetic to private enterprise, as well as among the muddled critics of business and the outright socialists. The realization that it is well-nigh useless to try to induce government officials to mend their ways probably has a bearing. Here I'm reminded of the history of our local water service. Years ago this service was provided by a quasiprivate concern, and there was no lack of criticism and complaint. And that the water company took considerable heed of dissatisfaction, even in the case of the specific patron, was obvious. Finally, in line with the trend across the country, the municipality acquired the company's facilities. From that time on the desires of the individual customer have been completely ignored with respect to water sources, softening, additives, temperature, extensions, and so on, as well as the important matter of rates charged. And the tendency to complain, ask for improved service, and urge lower rates, has gradually faded to the vanishing point.

From time to time, in contemplating the current scene, I get to wondering what it will be like if and when we abandon the free market entirely, and adopt the complete socialist program. What will the Naders and other malcontents do when there are no private business activities left for them to bedevil?

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CLARENCE B. CARSON

THE FOUNDING OF THE AMERICAN REPUBLIC

15

The Critical Period

AMERICANS established weak governments after they separated from England. Indeed, the governments were weakest at the points requiring greatest strength, namely, in the conduct of relations with foreign powers and in the executive branch. It is easy to understand and sympathize with their reasons for establishing weak governments. Government, any government, has the potential for tyranny. Its monopoly of the use of force within its jurisdiction tends to make those under it impotent in conflict with it. Men are drawn to it by the opportunity it offers for the exercise of power, and the likelihood of the abuse of power is almost as certain as death and taxes. Why not, then, guard against these potentialities becoming actualities by keeping government weak? Let the power reside mainly in the people, and make those in government come hat in hand frequently asking for what they need. Why not, indeed?

Because, in the first place, the attractiveness of a weak government to the law abiding is based largely on illusion, the illusion that weak is synonymous with limited and restrained. It is not; it is synonymous with impotent, frail,

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and lacking power to perform allotted functions. Government maintains peace by having the respect of the decent, holding the irrational in awe, and intimidating the lawless. A weak government is more likely to be arbitrary, capricious, and even despotic than a strong one, for the uncertain status of its ability to use force leads to unpredictable usages. It was the weakness of the Congress which set the stage for its inflationary policies. The weakness of state governments resulted in arbitrary practices for raising supplies for the army during the war. A weak government is prone to preying on the weak – those who most need its protection – and this penchant is probably aggravated by popular governments which are continuously seeking popular support. The treatment of Loyalists by the state governments during and after the war is probably a case in point. Above all, weak governments invite challenges to their authority which, when brought forth, result in war or revolution. How critical the situation was in America in the mid-1780's is and will remain in doubt, but the portent of crisis follows necessarily from the condition of the governments.

That the state governments were weak as well as the Congress is revealed by analysis. Governors were made nearly impotent by their dependence on the legislatures. Legislatures had considerable power of making laws, but they were not charged with executing them. The Congress established by the Articles of Confederation had little power at all. It was charged with major responsibilities, yet it had no independent executive, no courts of its own, nor any direct sources of revenue. Moreover, the members of Congress were made so dependent upon state legislatures for their tenure that they were most reluctant to act.

A Lack of Continuity

The bane of republics is a lack of continuity of government because the government changes hands so often. Each election may bring a new set of rulers. Monarchy does not suffer much from this defect, but it has others which disqualified it for Americans. The constitution-makers of the revolutionary period aggravated the discontinuity attendant upon republics. Not only did constitutions frequently call for annual elections but also there were sometimes limitations on how frequently within a period an individual could serve. Members of Congress had no assurance of continuation from one session to the next or even that they might not be re-

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called during a session, and were prohibited to serve more than a portion of a given period. It was difficult, in these circumstances, for the governments to have even that continuity which they can have in republics. It is true, of course, that it was virtually impossible for one man to gain much power, but it was equally difficult for him to exercise governmental authority.

Foreign Relations

The greatest weakness of governing power was in conducting relations with foreign countries. The responsibility devolved upon the Congress for carrying on these relations, but that body did not have the power to compel the acceptance of its decisions. It had no courts dependent upon it with authority to act upon the people. There was talk that Congress might use force upon states, but such a measure would have been war. The states had more powerful governments than did the Confederation, but they lacked authority to conduct foreign relations.

By their grants of power to their governments, it is clear that Americans did not sufficiently appreciate the necessity for some government exercising the powers that the British had during the colonial period. A good case could be made that this was true regarding trade restrictions, but the failure to empower a government to deal effectively with foreign nations was like burning down the barn to get rid of the rats if what they opposed was mercantile regulations.

That Congress was almost impotent in dealing with other nations does not have to be concluded from theory alone; history affords examples enough. Nowhere was the weakness clearer than in relations with England. John Adams became minister to the Court of St. James in 1785. He hoped to obtain a commercial treaty with Britain that would open British colonial ports to American ships. But he found the government there unwilling to make any concessions, almost contemptuous of the usefullness of any agreement with the Confederation, and well satisfied with commercial relations as they stood. Instead of being able to make new agreements, Adams found himself occupied with questions surrounding the terms of and compliance with the Treaty of Paris of 1783.

Enforcement of Treaties

The British reproached the United States through Adams with not complying with the terms of the treaty. The treaty required Congress to recommend to the states

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that the rights of Loyalists be restored. (This had been a concession by the United States, since the British were not committed to nor did they make reparations for damages done by their armies or Loyalists in the United States.) Congress did, indeed, make such a recommendation to the states, but some of the states were more inclined to further retaliation, and none of them was favorably disposed to full restitution for Loyalists. Technically, Congress had complied with the terms of the treaty, but the failure of the states to heed their recommendation pointed up the weakness of the Confederation. The treaty also specified that the states would not hamper or impede the collection of debts by British citizens. One history says: "There is no doubt that this article was violated both in letter and spirit. Virginia, where the debts were heaviest . . . , led the way in passing laws hampering the recovery of British debts."[1] Congress was, of course, powerless to do anything about the state recalcitrance.

American compliance with the treaty was made the more pressing, because the British used it as an excuse for failure to comply in the Old Northwest. They had several military posts on the American side of the Great Lakes. Contrary to the treaty provisions, they did not evacuate them; instead, a secret order to hold them indefinitely went out in 1784. Though the posts themselves were peripheral, they provided bases for the British to exercise influence on Indians in American territory and for carrying on a lucrative fur trade.[2] This increased the difficulty of making white settlements in the area and, thus, of the sale of lands by the Confederation.

Difficulties with Spain

Difficulties with Spain were, if anything, more pressing than those with Britain. Trading privileges were not at issue, for Spain had opened up her most important colonial ports to America. The major issues were the location of the boundaries between the United States and Spanish territory to the south and west, and navigation and use of the Mississippi and ports on it. The difficulty arose out of differences in claims and designs on the old Southwest between the United States and Spain. Spain had lately reacquired Florida, which included at that time a West Florida extending all the way to the Mississippi. Spain continued its historic claim to the vast territory west of the Mississippi. These territories gave Spain control over the gateway to the Gulf of Mexico. The fact that Britain had ceded territory to the

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United States did not greatly impress the Spanish, particularly when these same British were clinging to their own posts to the north in defiance of the treaty.

In 1784, Spain concluded treaties with Indians within the territory of the United States. Moreover, Spain held onto a military post at Natchez which had been acquired during the war but which was now within the treaty territory of the United States. Spain also made private agreements with Americans for the use of the Mississippi ports and was working to undermine the allegiance of those west of the Appalachians to the United States. It was the position of both Britain and the United States that navigation of the Mississippi River was free to all, but Spain did not recognize this position. Nor would Spain grant the right of deposit of goods in New Orleans – a right essential to the effective use of the Mississippi – to the United States.

The Mississippi and Trade

Of course, the use of the Mississippi was an absolute requirement for the commercial development of the trans-Allegheny region of America. The expense of transporting freight from the west to the east overland was prohibitive; only lightweight cargo of very high value could even be considered worth transporting in this fashion. Even so, settlers poured into this area in increasing number in the 1780's from the older states despite the fact that, as matters stood, they must either switch their allegiance to Spain or be denied the opportunity of developing the country. John Jay conducted negotiations over a considerable period with the Spanish diplomat, Diego de Gardoqui, but the United States had little to offer and the Spanish little to fear from the continuation of the deadlock. Jay saw little hope for settling the dispute favorably to the United States by negotiation and was entirely unenthusiastic about a recourse to arms. "For," he said in 1786, "unblessed with an efficient government, destitute of funds, and without publick credit, either at home or abroad, we should be obliged to wait in patience for better days, or plunge into an unpopular and dangerous war with very little prospect of terminating it by a peace, either advantageous or glorious."[3]

Barbary Pirates

Not all the difficulties of the Confederation were with European countries; those people commonly called the Barbary Pirates along the African coast of the Mediterranean disrupted trade in a particularly distressing way.

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Several Moslem principalities, or whatever they should be called, had long preyed on shipping in the Mediterranean. Countries who wished to avoid their depredations were expected to pay bribes. Once the Americans cut themselves loose from British protection, they were exposed to these pirates. Algeria went to war with the United States, or so rumor had it, seized two American ships, and enslaved their crews. The enslaved Americans "were forced to carry timber and rocks on long hauls over rough mountainous roads."[4] Congress offered to ransom the sailors, but the amount they could and did offer was too small. A "diplomat" from another principality approached the United States with the proposition that the harassment of shipping would cease if tribute in sufficient amount were paid. As things stood, however, the United States could neither afford to pay tribute nor assemble the necessary force to suppress the pirates.[5]

Financial Problems

Many of the troubles of the Confederation can be traced to financial difficulties. These were frequently tied in and contributed to the ineffectiveness in dealing with foreign nations. A country that had repudiated its currency at the outset and whose diplomats had to go cup in hand, as it were, to other nations seeking funds was hardly in a good bargaining position. There were, of course, domestic as well as foreign consequences of the financial shambles of the Confederation.

The methods used to finance the war had left not only a debt (despite the repudiation of the currency) but also a legacy of consequences which many do not ascribe to the inflation. Inflation through the year of 1780 was followed by a drastic deflation. There is no mystery about the cause of the deflation; when the tender laws were removed the Continental paper ceased to circulate as money. Much the same thing happened to the paper money that had been issued by the states during the war. Specie replaced the paper as currency, but there was much less of it than there had been of the other. Prices then had to be adjusted downward to make trade feasible in the new currency. The supply of currency was further depleted when trade with Britain was resumed, for the United States had an unfavorable balance. Americans still showed a marked preference for British goods and large quantities of them were imported, but the British did not buy goods of nearly the same value from Americans. There had long been an imbalance between

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the two, but it was worse now because the British would not allow Americans to make up the difference by carrying goods to British possessions. "The result was that within a year or two after the war, . . . there was a dearth of both paper money and hard money."[6]

Consequences of Inflation

A drastic deflation produces, or *is*, what is most commonly called a depression. The deflation itself can be correctly described as a healthy corrective to the inflation that preceded it, a return to sound values from the grotesquely inflated situation that disrupted the market. Depressions, on the other hand, are universally deplored, at least in our time. Nor is this so strange, for although prices can be adjusted to the monetary situation, the same can hardly be accomplished regarding obligations contracted during the inflation. Prices fall, money is hard to acquire, yet debts remain to be paid. As an historian writing about these times said: "Hard is the lot of one who, burdened with taxes and debts and destitute of cash, is beset by falling prices of the things he makes and sells."[7]

Historians differ as to the extent, depth, and impact of the depression of the 1780's. Some hold that it deepened and worsened in the latter part of the decade.[8] One historian, at least, cites considerable evidence that economic conditions were greatly improving after 1785.[9] For example Benjamin Franklin wrote in 1786: "America never was in higher prosperity, her produce abundant and bearing a good price, her working people all employed and well paid, and all property in lands and houses of more than treble the value it bore before the war; and our commerce being no longer the monopoly of British merchants, we are furnished with all the foreign commodities we need, at much more reasonable rates than heretofore."[10] George Washington wrote in a similar vein in 1787: "In the old states, which were the theatres of hostility, it is wonderful to see how soon the ravages of war are repaired. Houses are rebuilt, fields enclosed, stocks of cattle which were destroyed are replaced, and many a desolated territory assumes again the cheerful appearance of cultivation."[11]

Suffering Debtors

The truth seems to be that some people were in distress, and some were prosperous. That is not an earthshaking conclusion, because much the same can be said at any time. But those not doing well at this time were frequently hurt in

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one way or another by the legacy from the war. Those who had gone into debt to buy real property on long terms during the inflation were undoubtedly often hard put to pay off in the much scarcer money that was now being used. For example, in Worcester County in Massachusetts, there were over 2,000 suits taken to court for recovery of debt in one year.[12] Americans had not only to adjust to a reduced money supply but also to a new trading situation after the break from England. To many, the new situation provided new opportunities, but others tried to cling to and make a go of the old relations (particularly was this true of trade with England). The states were generally deeply in debt from the war, and some of them attempted to begin to retire their obligations by levying taxes. This could be particularly hard on those who owed debts for their land and had to pay high property taxes as well.

These things are relevant to a mounting crisis in the United States because they were the occasion for pressures on the governments to do something about them. Some of the functions people were accustomed to have government perform were either not being performed or were irregularly performed. Americans had not only a legacy of mercantilism but also of monetary manipulations. Debts, taxes, and trade regulations plagued the new governments. There was not even a standard currency throughout the United States.

Coinage and Exchange

When the Continental and state currencies were repudiated, people used coins primarily for a medium of exchange. There were few minted in America during this period, so that foreign coins circulated mostly: "English, French, Spanish, and German coins, of various and uncertain value, passed from hand to hand. Beside the ninepences and four-pence-ha'-pennies, there were bits and half-bits, pistareens, picayunes, and fips. Of gold pieces there were the johannes, or joe, the doubloon, the moidore, and pistole, with English and French guineas, carolins, ducats, and chequins."[13] In addition to the difficulty of calculating the respective value of each of these coins, there was the complication that coins were frequently worn or clipped. A man who accepted one of the latter at full value might have it discounted when he tried to use it. Americans did not have *a* medium of exchange; they had media through which exchanges of money for money were almost as precarious as exchanges in goods and were using coins

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whose sovereigns could not regulate and over whom Americans had no control.

There was hardly any reason, however, for the citizenry to have any confidence in the monetary actions of the Congress, nor, for that matter, of the legislatures of the states. Not only had the Confederation repudiated its currency, but the debts which it still recognized were poorly serviced. The total debt of the United States at the end of the war, foreign and domestic, was about $35,000,000. Far from being retired, it continued to grow. By way of requisitions from the states, Congress received $2,457,987.25 in the period from November 1, 1781 to January 1, 1786. This was barely enough to pay current expenses for the government.[14] Robert Morris sent along this comment when he resigned as head of the treasury in 1783: "To increase our debts while the prospect of paying them diminishes, does not consist with my ideas of integrity. I must, therefore, quit a situation which becomes utterly insupportable."[15] Those who succeeded him may have had less integrity than he professed, but they were hardly better supplied with money.

Inadequate Power to Tax

It was commonly held that the greatest deficiencies of Congress under the Confederation were the lack of the power to tax and the inability to regulate trade. There should be no doubt that the lack of the power to tax made the Congress almost impotent to perform the functions allotted to it. As to trade, Congress was almost powerless either to regulate or to prevent the states from doing so. Whether trade needed regulating was debatable, but if it did, a strong case could be made against the states doing it. Indeed, some states undertook to set up tariffs and to discriminate against ships of other lands, particularly those of England. But it was exceedingly difficult for states to set rates which would accomplish even those dubious advantages supposed to follow from them. If the tariffs were too high, in comparison with those of surrounding states, goods might come into the state from ports of entry located in other states. If imported goods were finally consumed in another state from the one imposing the tariff, the state was actually levying taxes on citizens of other states.

State Barriers to Trade

The regulation of trade by the states worked against a common market for all the United States and threatened to turn some states against others. John Fiske described the situation this way:

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Meanwhile, the different states, with their different tariff and tonnage acts, began to make commercial war upon one another. No sooner had the other three New England states virtually closed their ports to British shipping than Connecticut threw hers wide open, an act which she followed by laying duties upon imports from Massachusetts. Pennsylvania discriminated against Delaware, and New Jersey, pillaged at once by both her greater neighbours, was compared to a cask tapped at both ends.[16]

Trade discriminations sometimes lead to war. Not only was there the possibility that one American state might go to war against its neighbor but also that discriminations against or by foreign countries might lead some country to go to war against a state. In such a case, the United States would be drawn into the war, for the authority to make war was vested in Congress. To say the least, the situation was anomalous.

It is strange, but true, that the events which finally provoked Americans to do something about the union did not directly involve the Congress and its ineffectiveness. Perhaps it is not so strange on reflection, for Congress rarely did anything. The failure to act may be indictable, but I think it would be hard to get a jury to convict. Congress presented a low silhouette to its critics. True, it repudiated its currency, could not pay its debts, could not force the states to meet their quotas, could not protect its citizens abroad, and did not do most of the things it was authorized to do with much energy. But, then, it seldom gave offense, and people spread over a vast land were more used to opposing government action than seeking it. It is most probable that if some crisis had swept the Congress away it would have gone with a whimper rather than a bang. In our day, we have seen exile governments seeking a country to govern; the United States was an exile country awaiting a government.

Trouble in Rhode Island

It was trouble in New England in 1786-87 that aroused fears which prompted men to action. Paper money, taxes, and debts were the occasion of challenges to some state governments. Most states were under pressure to make paper money issues. Seven had done so by 1787 but, as might be expected, there was considerable opposition to such actions. Rhode Island not only issued paper money but revived harsh methods to try to make it circulate. Faced with fleeing creditors and merchants abandoning the state, the "legislature passed an act declaring that anyone refusing to

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take the money at face value would be fined £100 for a first offense and would have to pay a similar fine and lose his rights as a citizen for a second."[17] When the act was challenged, the court declared its opinion that the act was unconstitutional. The judges were called before the legislature, interrogated, and some of them dismissed. Rhode Island's government was viewed with contempt by many Americans.

Shay's Rebellion

Rhode Islanders would probably have been left to suffer the disadvantages of their own government or get out – the latter was becoming an attractive option – but it was not easy to take so sanguine a view of events in Massachusetts. There was widespread dissatisfaction with the foreclosures on farms and imprisonment for debts. Some of the discontented wanted a moratorium on the collection of debts and/or paper money to be issued. Taxes were also levied in such a fashion as to arouse resistance to their collection. The discontent may have been agitated by British agents; certainly, money was made available for the discontented to use to take action, though who was behind this was never definitely established.

Overt action came when mobs began preventing courts from sitting. Beginning in early September of 1786, a succession of courts were disrupted and prevented from conducting business by large groups of armed men: at Worcester, at Concord, at Taunton, at Great Barrington, and at Springfield. The legislature did not take the desired action, and a rebel force was organized. The climax of these events came in January of 1787. It is known as Shays' Rebellion, taking its name from one of its leaders, Daniel Shays. Massachusetts authorized an armed force to put down the rebellion, and the rebel force was dispersed on January 25. New Hampshire was threatened by a rebel force, but the movement was quickly put down by decisive action by Governor John Sullivan who had been a general during the late war.

Constitutional Convention Called

The call for a convention to deal with constitutional matters had been issued prior to these events. It came from some delegates to what was supposed to have been a convention at Annapolis in 1786. The convention was supposed to have dealt with commercial matters, but it lacked a quorum of states, so a call was issued for a more general convention for next year. It did not take Shays' Rebellion to awaken some Americans to

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the need for constitutional revision.

Anyone who wanted a government for the United States could see that Congress was not supplying it. "Between October 1, 1785, and January 31, 1786, Congress had a quorum on only ten days, and never were more than seven states represented. Between October 1, 1785, and April 30, 1786, nine states – the minimum required to do any serious business – were represented on only three days."[18] As mobs began to intimidate courts in Massachusetts, one historian notes that "the Congress of the United States had likewise ceased to function."[19] As the riotous events moved to their culmination in early 1787, one state after another elected delegates to the Constitutional Convention. Finally, even Congress acted by recommending to the states that they send delegates. The fear of the rebellion spreading had apparently tipped the scales.

The site of the convention was Philadelphia, the time appointed to convene May 14, 1787, and the object was to contrive a government adequate to the common tasks of the United States.

• FOOTNOTES •

1 Samuel E. Morison and Henry S. Commager, *The Growth of the American Republic*, I (New York: Oxford University Press, 1942, 3d ed.), 265.

2 See Andrew C. McLaughlin, *The Confederation and the Constitution* (New York: Collier Books, 1962), pp. 77-78.

3 *Ibid.*, p. 75.

4 Curtis P. Nettels, *The Emergence of a National Economy* (New York: Holt, Rinehard and Winston, 1962), p. 67.

5 *Ibid.*

6 Merrill Jensen, *The New Nation* (New York: Vintage Books, 1950), p. 303.

7 Nettels, *op. cit.*, p. 65.

8 *Ibid.*

9 Jensen, *op. cit.*, pp. 247-48.

10 *Ibid.*, p. 249.

11 *Ibid.*, p. 250.

12 *Ibid.*, pp. 309-10.

13 John Fiske, *The Critical Period of American History* (Boston: Houghton Mifflin, 1916), p. 165.

14 McLaughlin, *op. cit.*, pp. 64-65.

15 *Ibid.*, p. 51.

16 Fiske, *op. cit.*, p. 145.

17 Jensen, *op. cit.*, p. 324.

18 Forrest McDonald, *The Formation of the American Republic* (Baltimore: Penguin, 1965), p. 140.

19 *Ibid.*, p. 147.

Next: The Making of the Constitution.

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Natural Rights

RONALD COONEY

THE CONCEPT of natural rights no doubt has its origin in the Roman Stoic idea of a "law above the law," of an unwritten law which precedes and is superior to man-made law. Christian philosophy, in the persons of St. Augustine and St. Thomas Aquinas, developed and refined the natural law idea, and it was a significant tenet of the eighteenth century Enlightenment. The doctrine has come down through the centuries as one of the major arguments against arbitrary and unrestrained governmental power.

In much the same way is the belief in the natural rights of man a belief in "rights above rights." Likewise, natural rights have been used in the resistance to unjust authority. Natural rights were partial justification for the Glorious Revolution of 1688, for the American Revolution (the Declaration of Independence cited man's "unalienable rights"), and for the French Revolution and the Declaration of the Rights of Man. All of the revolutions since the eighteenth century have drawn at least some of their power from appeals to natural rights.

The connection between natural rights and natural law is instantly recognizable. Both exist prior to the State, and both transcend it. Natural law, like the law of the State, provides protection for the individual's rights from violation by another individual, or – and this the State does not do – by the State itself. Natural rights and natural law are the final arbiters of liberty. Finally, natural rights and natural law are both denied by those who exalt the State over the individual citizen, those who

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make the State all and the individual nothing. It is to this, as it is to all forms of Statism, that natural rights make a direct and implacable challenge.

A Dictatorial Delusion

The common delusion of the defenders of unlimited governmental dominion is that the State confers upon the individual whatever political and economic rights he may enjoy. This was certainly the view of Thomas Hobbes, the defender of absolute monarchy and the author of the *Leviathan.* Hobbes, in 1651, argued for the complete sovereignty of the king as ruler and lawmaker. Hobbes sought to repudiate natural law by placing it on equal terms with the civil law. He states in the *Leviathan,* "The law of nature and the civil law contain each other, and are of equal extent." In other words, natural law (and by extension, natural rights) is as high as, *but no higher than,* civil law. The sovereign makes civil law, and in Hobbes' kingdom there can be no law higher than the decrees of the sovereign. He, in effect, is the law.

Whatever the political repercussions of a system like that which Hobbes postulates, there are certain moral and ethical questions which it poses. Hobbes' felt that morals and ethics had no place in determining whether or not a system of government was good or evil. Such a judgment, according to Hobbes, could not be made, or if made, could not be proved. The correlation between Hobbes disavowal of natural law/natural rights and objective morality is palpable and direct. Hobbes realized that the acceptance of unalienable rights of life, liberty, and property would compel one to make a moral judgment of a political system which violated those rights. Having given the sovereign absolute authority to make laws, Hobbes goes on to say that no ethical determination can be made about the sovereign's action, about its goodness or evilness. Ethics, to Hobbes, are purely subjective and inapplicable in political affairs. The sovereign, it would seem, is above both law and morality; or, like Nietzsche's superman, "beyond good and evil."

Hobbes wrote in defense of authoritarian rule by one man, the monarch. Monarchy was, in Hobbes' day, the most widespread form of government. With the gradual decay of the monarchical form, and the general democratization of governments, came the belief that it was not the leader of the nation who was sovereign, but the people themselves. The divine right of kings had become, as Herbert Spencer observed, the "divine right of majorities." But

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whether they represented the interests of monarchy or democracy, the enemies of natural rights had the same intention — to deny the individual any rights but those granted by the State.

Bentham's Faith in Democracy

Of the type of thinker who spoke for democracy and against natural rights was the great utilitarian, Jeremy Bentham. No statist in economic concerns, Bentham was curiously inconsistent when it came to limiting, or not limiting, the State's sphere of influence. Government's function, as Bentham saw it, was "creating rights." He considered natural law and natural rights "fictions," and in his first work, the *Fragment on Government,* he castigated Blackstone for a contrary belief. Bentham's antipathy to natural rights sprang from the conviction that natural rights were obstacles to reform, and he was against checks and balances and a system of separation of powers for the same reason.

Bentham thought, with the faith of the statist in the ability of government to solve all human problems, that by making the act of legislating as easy as possible, the State could deal more readily with society's dilemmas. Bentham did not see what others, most notably the Framers of the Constitution, saw so penetratingly: that the power of the State to achieve good was equaled by its power to achieve enormous harm, that in seeking the former one necessarily braved the latter. Bentham did not perceive the difficulty inherent in placing all right-giving power in the State's hands. He failed to understand that the capacity for bestowing rights could become the capacity for withdrawing rights. Finally, Bentham, like Hobbes before him, was incorrect in assuming that the State could create rights out of nothing. The State is a delegated authority, and what power it has derives from the individuals who comprise it. Such being the case, it is absurd to assume that the State can bestow rights on its own creators. The State may give order to rights, define them more clearly, and protect them with laws; but it can no more grant rights to the members of society than a child can grant rights to his parents.

The Ethical Case

The ethical arguments in favor of natural rights are perhaps even more telling. If it is true that men have only the rights the State has seen fit to give them, what is to stop the State, at any time and for any reason, from taking back those rights? Furthermore, how can we say that the State acts

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wrongly if it chooses to take that action? By the logic of the opponents of natural rights, the Nazi regime had a perfect justification for recalling the rights, including the right to life of 6,000,000 human beings, and should not be condemned or thought of as evil for simply exercising the prerogative to which, as a state, it was clearly entitled. Thus, the denial of natural rights quickly resolves itself into a rejection of the ethical differences between governments, making a slave-state the moral equal of a republic.

We now arrive at the final question, "What are the natural rights?" Although it cannot be answered precisely, that does not mean it is unanswerable. As has been said before, natural rights precede the State and hence are *a priori* in character. Natural rights are every man's at birth and are not State-granted. If each man has an equal claim to liberty, that is, the use of his rights, he can be limited in his freedom only by the claims of other men to an equal share of liberty. The circle of rights around every man extends as far as it may without intruding on the rights of other men. For this reason are the "rights" granted by the State bogus rights. A right to receive welfare, for example, is invalid since it requires the abridgment, however partial, of the rights of the citizen who is compelled to pay for the welfare benefits given to someone else. Natural rights, by contrast, require no abridgment of another individual's rights to exist, but are limited only by the same natural rights of another person.

IDEAS ON LIBERTY

Nature's Way

IN MAKING his ethical choices, man is guided by a code believed to have the sanction of God; and experience has shown that the good life to which his instinct impels him can be achieved only if he makes his decisions accordingly. The Ten Commandments have been called the Word of God; they can also be described as natural law, and natural law has been described as nature's way of applying means to ends.

FRANK CHODOROV, *"Free Will and the Market Place"*

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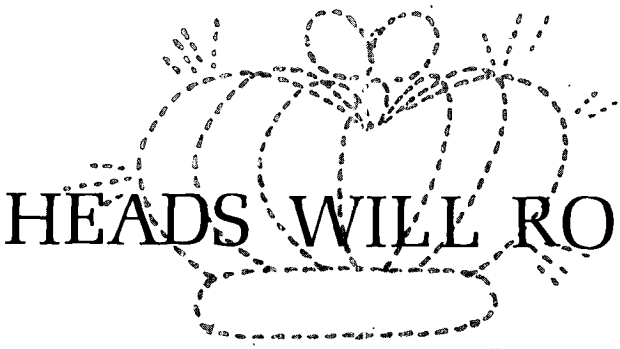

HEADS WILL ROLL

LEONARD FRANCKOWIAK

IN THE SOCIETIES of yesteryear, the king ruled supreme. The saying that "heads will roll" was no idle comment but a probability which struck fear in the hearts of the people. When Henry VIII of England said "heads will roll," roll they did! Whenever and wherever the king was displeased, the shockwaves of his fury would reverberate throughout the dynasty, and the poor citizen would shudder in fear. The king was almighty; and people, at best, were humble servants of the king. The king's word was law; his word was justice; he was the absolute ruler; all property was his to control; all people were his to control. The king was the government, and there was no such thing as individual freedom for people. Even the democracy of Athens and the Roman Empire, which were what we call representative governments, were based upon the principle that government is almighty and man's right to live or die is decided by the state.

In days of old, governments were always first and the people second. Then, along came the United States of America and things were different. Man was to enjoy freedom, of which we still have 57 per cent.

In other societies, people such as you and I were absorbed by the state. It was as if the government was God on earth. Governments were at the top and people were the servants of government. But when the United States of America was formed, a dramatic thing happened. In terms of setting up a country, our forefathers did a

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complete flip-flop. While every other country had government first and people second, the United States was founded in reverse – people first and government second as servant of the people. How dramatic that was – a bold, new principle – people first and government second. The people were to be at the top rung of the ladder and the government at the bottom. People were to be free to enjoy life; people were to be free to do their own thing in any way that was peaceful; and the government would serve all men, preserve the freedom of all men through law and through order, through justice and through the punishment of criminals. This was a fantastic achievement in the history of mankind – and still is! The miracle of America is man's precious individual freedom.

Freedom with Responsibility

Of course, with freedom comes responsibility. If man is to enjoy the blessings of freedom on the top rung of the ladder, then he also has to be responsible – responsible for his own welfare, for his own housing, for his own security, for his own employment, responsible for his own existence and for his own happiness. That was and always is the price of freedom. If man is to enjoy freedom, and the spirit of freedom to do his own thing, then he must also bear the burden of responsibility for the consequences of his actions. Man, enjoying the fresh, brisk breezes of freedom, must also be the master of his own fate and destiny. Rich or poor, good or bad, the fortunes of success or the consequences of failure, to enjoy freedom is to accept responsibility. This was the foundation upon which the United States was built: free and self-responsible men at the top rung of the ladder and government second as the keeper of the peace.

America Is Changing

Now, little by little, America is changing. Men began to abdicate their individual responsibility and they turned to "benevolent" government. Housing is now a function of government; education is now a function of government; Medicare is now a function of government; Social Security is a function of government; so is banking, transportation, electricity, water, busing, farming, prices and wages, employment and non-employment. The war on poverty is now a function of government. And so it goes; man, in his abdication of responsibility, has yielded to government – and the rungs of the ladder are no longer clearly defined. Where once the man of America stood proudly at

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the top and government was a far-removed and far-distant second, they now crowd together on the ladder: individual freedom and self-responsibility – 57 per cent; government responsibility and government control – 43 per cent, and rising. America is shifting priorities so that the government will be on top and people second – calling to mind the divine right of kings of yesteryear, the Russia and Red China of today, where, in fact, "heads still roll."

To abdicate responsibility, to seek welfare from government, is to give up in exchange man's precious freedom because the two are interrelated. To obtain housing from the government is to place housing in control of government. To obtain education from government is to put government in control of education. The price of welfare from government is control by government – and control is the opposite of the freedom that was the miracle of America.

For man to enjoy his rightful place at the top of Nature's ladder in the sunshine of human dignity, he must first accept his responsibility and thereby keep government beneath him as his servant. The divine right of kings and governments is the principle of yesteryear. Now is the time for dramatic reaffirmation of mankind's greatest discovery: man's right to life, man's right to the pursuit of happiness, and man's right to liberty. Otherwise, "heads will roll."

IDEAS ON LIBERTY

Misplaced Controls

THEY ARE EXPLOITING public ignorance, these politicians who would put price controls on meat and other food prices. These prices have not soared as have the costs of government, and it is the costs of government which need to be controlled.

If the costs of government hadn't risen any more than have meat prices, there wouldn't be enough inflation to make it a problem.

The fact is that well over a third of consumer payment for meat and other voluntary purchases goes to cover costs of things the government has decreed more important.

J. KESNER KAHN

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THE BEWILDERED SOCIETY

SOMEWHERE, so George Roche III believes, the American people took a wrong turn. It was not that their values were wrong – their forebears had come to the New World in order to find space for individual development. The American wanted to be "his own man," to carve out a business, or to develop himself culturally, morally and professionally, without having to ask permission from those who had been placed above him in a social environment that enforced status. But, in coping with a big continent, the American somehow permitted technology to creat what Dr. Roche calls "enmassment." The big organization bred collectivism, with all its corroding effects on the freedom of the individual to be himself.

What was the nature of the mistake that led to "enmassment"? In *The Bewildered Society* (Arlington House, $8.95), a book which the author describes as a strange mixture of "puffs and pans," Dr. Roche tends to blame everything on the propensity of baffled human beings to try to fight fire with fire. His description of what happened is compelling. The genius of a free people unleashed tremendous creative forces in an open environment. Seeking the advantages of "economies of scale," our Rockefellers, Carnegies and J. P. Morgans turned little companies into big companies, using the special legal advantages accorded to the corporation to gain ends that had a tremendous potential both for good and for bad. If men had only been willing to tackle their environment without asking for special favors from government, so Dr. Roche avers, the railroads, the steel companies, the oil refining companies and the real estate op-

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erators would have developed in an orderly way that would not have hurt the little man. But the temptation was too great: the State, throughout the nineteenth century, had too much to give, and it was in the cards that forceful and adaptive men would combine to conjure special advantages out of the Great Benefactor in Washington.

Men Are Known By the Company They Keep

Dr. Roche is ambivalent about the men whom Matthew Josephson called the Robber Barons. They are to be blamed, so Dr. Roche says, for courting government to gain such special privileges as tariffs and grants of land. But in acting as a pressure group the nineteenth century tycoonery was behaving like everybody else. The government owned title to most of the empty continent. Settlers in search of a good quarter section of land rallied to the slogan, "Vote yourself a farm." Everybody was in on the take, as was perhaps inevitable under the circumstances. When "society" as a whole is to blame for a state of mind, there is little point in making special villains out of those who proved most efficient in providing what people wanted. The "robber baron" enriched himself, but in many instances he also enriched even those who were forced to sell out to him.

What Dr. Roche seems to be telling us is that the American people in the latter half of the nineteenth century should have found some nongovernmental way of protecting themselves against the "enmassment" called into being by the corporate form. After all, nobody compelled farmers to make themselves dependent on cash crops and monoculture agriculture. Producer and consumer cooperatives might have been formed to bring the benefits of "economies of scale" to the little fellow. When Edison developed the power plant, farmers might have availed themselves of small-scale electrical power components, as "Boss" Kettering of General Motors originally suggested. If individuals had formed associations to buy tracts of land and then subdivided the acreage to suit themselves, we could have avoided some of the uglier results of urban sprawl. When Henry Ford started making his Model T, he hoped that people would divide their time between working for employers and raising their own vegetables on their own acres. The car might have enabled a man to take industrial employment in prosperous times without quitting a base on the land that could tide a family over periods of depression.

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Turning to Government

Instead of trying to solve their problems by voluntary association and individual ingenuity, however, the American people allowed themselves to be seduced by the idea that Big Government could be utilized to control and regulate Big Business in such a way that the little competitor would have a chance. For a time, "trust-busting" beguiled the common man. But the Populists, the Mugwumps and the Progressives discovered to their chagrin that business had an uncanny way of dominating the very State machinery that was supposed to give protection to the "public" or to the "consumer." Theodore Roosevelt tried to distinguish between "good" and "bad" trusts and wound up in the arms of George Perkins of the House of Morgan. To fight World War I, Woodrow Wilson had to call Bernard Baruch and other Wall Street tycoons to Washington to head up the war production agencies. The bankers soon learned how to make use of government-created paper to enrich themselves.

As Dr. Roche tells the story, "reform" could not stay the processes that led to ever greater "enmassment." The New Deal attempts to save the small farmer ended by giving superior help to the big farmer, who used the universalized benefits of the AAA to buy machinery that his little competitor could not afford. Instead of halting the movement to the central city, our "progressive" agriculture reforms hastened it.

Wartime Interventions

Two big wars and a couple of small ones completed the centralizing process. Education was forced into line when the government, in order to fight the wars, had to subsidize the universities to provide research and development for the so-called military-industrial complex.

In spite of everything, Dr. Roche has not lost his nerve or his sense of proportion. His historical chapters are enough to make anybody a pessimist, but, in a sudden right-about-face, our hitherto gloomy analyst discovers that only some "twenty-five per cent of all goods and services are produced by the 500 largest industrials." Controverting Professor Galbraith, Dr. Roche says this must mean that "seventy-five per cent of our goods and services are *not* produced by 'the technostructure.'" Continuing his exploration of the factors that are currently working to halt the processes of "enmassment," Dr. Roche notes that the big producers need the small producers just as much as the small businessman needs the

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big. Western Electric, for example, has 40,000 suppliers. And the small businessman provides the major support to America's 6,000 nonprofit organizations, 320,000 churches, and 100,000 private welfare organizations. We don't, in short, need the Big State to solve our problems. "Enmassment" need not grow if individuals have the will to do things either alone or in voluntary groups.

Softness at the Top

Will enough people read Dr. Roche to rekindle an old faith in the individual? This is, indeed, the question. The day I finished reading *The Bewildered Society* I picked up *The New York Times* and opened it to a story of a survey "of 456 of the richest, most powerful and most influential persons in the United States." What the survey reveals is "a high level of acceptance of Government intervention in the economy, approval of most of the things that make up the welfare state, and rejection of hard-line anti-communism in foreign policy."

With such softness at the top, has Dr. Roche a chance of making his gospel stick? We can only hope that his still, small voice will somehow reach 456 "leaders" who know not what they do.

▸ THE SPOILS OF PROGRESS:

Environmental Pollution in the Soviet Union by Marshall I. Goldman (Cambridge, Mass.: MIT Press, 1972), 372 pp., $7.95.

Reviewed by Gary North.

ONCE AGAIN, Professor Goldman has demonstrated his remarkable grasp of the economics of the Soviet Union (see the review in the November, 1968 issue of THE FREEMAN). This time he focuses on the whole problem of pollution: ownership, social costs, pricing, responsibility, legislation, and so forth.

First, he demolishes the myth of "clean socialism." There is no guarantee that the state ownership of the means of production will result in cleaner skies, purer water, and rational allocation of clean resources. The actual practice of the Soviet Union indicates the reverse: "One of the major arguments throughout this study has been that the concentration of economic and political power in the hands of the Soviet state can be and has been a major factor in the creation of environmental disruption. In the Soviet government's drive toward industrialization and economic growth all too often there has been no person or group around with any power to stand up for the protection of the environment."

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State power, in theory, may be a tool for doing good, but in practice we measure the results. The quest for aggregate economic growth – a mania, says Goldman, which was first given to the modern world by the Stalinist Five Year Plans – has granted bonuses to managers for minimizing factory costs at the expense of the environment. Fines for damaging the environment seldom match bonuses for reaching quotas. And even these fines are seldom imposed on factory managers. "So far it is the poacher (that is, individual citizens) that [is] being harassed, while governmental institutions (factories and municipalities) are frequently left to themselves. The real polluters for the most part are not rigorously regulated or penalized. . . . Yet it is the government institutions (municipal, service, manufacturing, and agricultural) that are responsible for damage hundreds of times more destructive than that of the poachers."

Marxism propounds two economic theories that are almost guaranteed to produce environmental disruption: the abolition of private ownership and the free (gratuitous) cost of scarce economic resources.

"In a socialist society it would seem that it would be more difficult to stimulate preventive action in both the case of public and private social costs. Because private land ownership is prohibited in the USSR, the individual has less of a vested interest in fighting the construction of a new factory in his neighborhood or the mining of some raw material in the area." The best motivation, operationally, is simply "the fear of private loss." Thus, the USSR has eliminated what Goldman calls the first line of defense against pollution.

By regarding natural resources as free goods, managers have been led to underestimate costs, waste resources, locate factories uneconomically, and destroy valuable assets. Developers of Black Sea resorts used sand from the beaches to make cement. This removed the protection from the pounding winter waves. In 1968 all the trucks in the Abkhazia Republic had to be used in order to bring in materials to save collapsing hotel foundations. The erosion in some cases cannot be reversed, and whole sections of the beaches are disappearing.

Lake Baikal, the largest mass of pure water on earth, is steadily being polluted. Kislivodsk, the mountain resort protected from the weather by a ring of mountains, has had its mountain cover cut away by a limestone quarry, and the winter is now getting in. The Caspian Sea is being lowered

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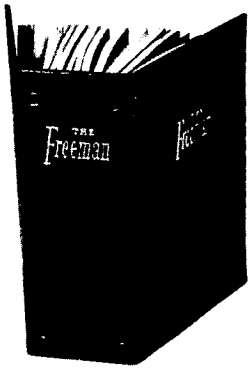
rapidly. Dust storms now hit the Ukraine every other year. Yet the only successful protest against one government agency is a protest by some other agency.

Lying managers, rigged cost-benefit analyses, bureaucratic intransigence, impotent national legislation, utopian schemes, and pollution of all kinds are the spoils of Soviet progress. Expenditures to curb air pollution in the Soviet Union are only one-tenth of expenditures in the United States. Their spirit may be willing but their price system is weak. Goldman's book is a ringing refutation of all those who would argue that capitalism is the primary cause of the "environmental crises."



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